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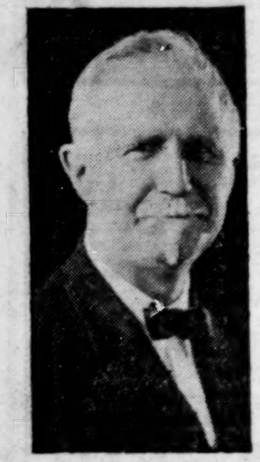
The Next Ten Years

Babson Says Long Range Forecasting Necessary

While I have built my business on the long-pull outlook, I ordinarily confine my newspaper predictions to periods not more than a year in advance. However, in view of the very broad changes which are taking place in U. S. business and political economy, I now feel it advisable to look much further ahead.


Roger W. Babson

General Business Outlook

Re-negotiation in most instances is not the wolf that most war producers thought it would be. Reconversion to peacetime operations is, likewise, well in hand. While this may temporarily disrupt labor and interfere with profits, the change-over will be gradual and

(Continued on page 72)

In This Issue

Special material and items of interest with reference to dealer activities in the State of Pennsylvania appears on page 74.

General index on page 96.

What Price Economic Security?

By PHILIPP H. LOHMAN, Ph. D.

Holding That The "Price Tag" Of Economic Security Is Disregarded, Dr. Lohman Doubts That Farmers, Consumers, Business Men And Workers Can Be Free In Their Economic Decisions And Still Have Economic Security—Predicts Rigid Post-War Interest Rates Will Hamper Capital Markets And States That Socialization Of Bank Credit May Be Around The Corner—Maintains The Price Of Progress Itself Is Insecurity

Oscar Wilde's statement that Americans knew the price of everything and the value of nothing used to be not only widely quoted abroad, but Americans at home referred to it often in an effort to stimulate social consciousness. Nearly five years of war have fundamentally altered American ideas of values. But now the price tag is disregarded. Some do not dare look at the tag. Myopics simply do not see it. Demogogues fear mentioning it lest it should curb their indoctrination attempts.

P. H. Lohman

So far no classification has been worked out for all the post-war plans for so-called full employment. No doubt, it remains as a fertile field for post-war Ph. D. candidates. The almost infinite number of curlicues with which planners have endowed their projects is a tangible monument to the one thing planners implicit-

(Continued on page 73)

Responsibilities In Post-War Problems

By WILLIAM L. BATT *

Vice-Chairman for International Supply, War Production Board

Mr. Batt Foresees Insistence On Maintenance Of National Income Of 140 Billion Dollars — Among Other Things Says Responsibility Of Government Calls For Balancing Savings And Investments And Maintaining Demand And Purchasing Power—Holds Union Leadership Should Be Expected To Support A Policy Of Larger Production At Lower Final Costs

. . . While urging full all-out deliveries of things the Army and Navy so vitally need, there is every reason why people should ask themselves what is going to happen when it is all over. We don't live for war, and the things of peace represent our natural and normal interests. What kind of a country do we want these United States to be in peacetime and what sort of problems are we likely to encounter in getting there? It's not too early now to do some thinking about the character of the national pol-

W. L. Batt

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* An address made by Mr. Batt before the Duluth Chamber of Commerce, Duluth, Minn., on June 29, 1944.

(Continued on page 76)

Monetary Conference Under Way

By HERBERT M. BRATTER

Special Correspondent of "The Commercial and Financial Chronicle"

Roster of Delegates Published — Silver Bloc's Demand For Bimetallism First Disturbing Note—Question Of Status Of Gold Crops Out—General Optimism Regarding An Agreement

BRETTON WOODS, N. H., July 5—The United Nations Monetary and Financial Conference formally opened with the sponsor's desire to keep the "wartime united front" as the dominant undercurrent. It already has been cropping out in various ways. Starting with Secretary Morgenthau's initial address (printed elsewhere in this issue) and his "we-are-at-war" plea to the press for co-operation, it is further borne out by the repeated private expressions of "unity" by the delegates, particularly those of the United States. The British delegation, though comprising 15 experts headed by Lord Keynes, has been keeping in the background as far as private expression of opinion goes. Besides the representatives appointed by Great Britain, the delegation of Egypt, Iraq, and India comprise either members who are Britishers or British Advisors. Although the final and complete roster of delegates has not yet been issued, the tentative list, as far as can be ascertained, is published on another

Herbert M. Bratter

(Continued on page 78)

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Lord Keynes Outlines Plan For International Bank

As Chairman Of Commission II, Charged With Drafting A Bank Plan, He Points To International Reconstruction As The First Objective—Holds A Second Duty Is To Develop The Resources And Productive Capacity Of The World—Bank Will Make Direct Loans, Will Guarantee Loans, And Will Borrow From Public For Lending—Admits U. S. Will Be Chief Source Of Funds, But Other Members Become Jointly Responsible For Their Safety

Lord Keynes

On July 3, at the United Nations Monetary and Financial Conference, Lord Keynes, who was made chairman of Commission II of the Conference, charged with deliberating upon and drafting a plan for a permanent international loan bank, made his opening address to the member delegates of his group. In his remarks, Lord Keynes outlined the general plan of the proposed institution, following the lines of the proposal previously laid down by the Treasury Department. [See Chronicle of Oct. 14, 1943, p. 1486—Editor.]

"It is our hope," Lord Keynes stated, "that the institution of the bank for reconstruction and development, to which this commission is to devote its work, will serve the purposes of increasing the wealth, prosperity and friendship of the participating countries in two main respects.

In the first place, it will be authorized in proper cases and with due prudence to make loans to the countries of the world which have suffered from the devastation of war, to enable them to restore their shattered economies and replace the instruments of production which have been lost or destroyed. It is no part of the purpose of UNRRA to provide funds for reconstruction as distinguished from the necessary relief and rehabilitation in the days immediately following liberation. There is, therefore, at present a gap in the proposals of the United and Associated Nations which is not yet filled, and to fill which there is no proposal

(Continued on page 90)

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Pyramiding Inflation

By ALDEN A. POTTER

Administration's Price Policies Criticized For Squeezing Profits So As To Allow Wage Increases, While Minimizing Price Increases — Author Holds Subsidized Prices Deprive Government Of Taxes And States That Higher Prices Are Less Inflationary Than Subsidies For They Close The Gap Of Purchasing Power — Sees Greatest Danger In Unspendable Money Supply

I. "Opportunity Costs"

Alden A. Potter

The really **inevitable** spiral of inflation is a matter, not of living costs, but of what economists have called "opportunity costs." It applies, not just to wages, but to every source of income in which better opportunities arise. In the wage field it applies to low-paid, unorganized labor rather than to highly-paid, organized labor; and it develops in time of war first because of the shift from under-employment and lack of opportunity, to labor shortage and abundant opportunity, and second because of inflation in the money supply which pyramids these opportunities and the costs to which they give rise.

The labor union is organized to monopolize its field and prevent competitively low wage rates when under-employment prevails. The union can do nothing to prevent competitively rising wage rates under wartime condi-

(Continued on page 82)

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Thos. Sherman With Stein Bros. & Boyce

BALTIMORE, MD.—Thomas H. Sherman has joined the investment department of Stein Bros. & Boyce, 6 South Calvert Street, members of the New York and Baltimore Stock Exchanges and other leading Exhanges. Mr. Sherman was formerly manager of the Baltimore office of Newburger & Hano; prior thereto he was a partner in E. R. Jones & Co. and was with Mackubin, Legg & Co.

Lazard Freres Admits Singer To Partnership

Lazard Freres & Co., 44 Wall Street, New York City, members of the New York Stock Exchange announce that Louis N. Singer who has been associated with the firm for over twenty years has been admitted as a general partner.

Schaack Now Pres. Of Cgo. Trade Board

CHICAGO, ILL. — Harry C. Schaack, Shearson, Hammill & Co., has become president of the Chicago Board of Trade, succeeding Philip R. O'Brien who has resigned. Mr. Schaack became first vice-president of the Board of Trade in 1943.

R. J. Hickey Associated With Kneeland & Co.

CHICAGO, ILL. — Richard J. Hickey has become associated with Kneeland & Co., 141 West Jackson Boulevard. In the past Mr. Hickey was with Langill & Co., Shields & Company, and Rogers & Tracy.

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International Monetary Fund Will Promote Exchange Stability: White

U. S. Treasury Expert And Author Of "White Plan" Sees Fund As Means Of Averting Economic Warfare

At the opening meeting of Commission I of the United Nations Monetary and Financial Conference, Harry D. White, the U. S. Treasury Expert, who is Chairman of the Commission, to which is assigned the task of drawing up the final plan for the creation of a Monetary Stabilization Fund, made a brief statement to the members in which he gave a practical illustration of the advantages of the "multilateral approach" in the promotion of international markets and the creation of permanent facilities for international monetary co-operation.

"Each of the United and Associated Nations," Mr. White stated, "has as a fundamental objective the creation of as full production and employment as is possible in its own country. This is the only practical way to improve the standard of living in the peace-loving nations. But this objective is attainable only if there is the fullest trade among the nations based on the interests of all. It cannot be achieved if military warfare is followed by economic warfare—if each country, to the disregard of the interests of other countries, battles solely for its own short-range economic interests. The unrestrained economic

(Continued on page 72)

5% Spread "Policy" Awaiting Decision

SEC To Determine Whether The NASD's "Philosophy" Is A Rule

Pursuant to leave granted on the occasion of the public hearing at Philadelphia before the Securities and Exchange Commission, briefs and replying briefs on the subject of whether the 5% doctrine is a rule and what ought to be done about it have been filed by the Securities Dealers Committee, S. C. Parker & Co., Inc., of Buffalo, and the National Association of Securities Dealers.

July 5th was the last day for all briefs to be in.

The controversy involved was precipitated as a result of the adoption by the NASD Board of Governors of a policy which imposed upon members a 5% spread limitation and a duty to show to the satisfaction of the Business Conduct Committees that no violation has occurred in transactions where this spread is exceeded. Such policy was adopted without its being submitted to the membership for their vote.

The 5% Policy, a Rule

In behalf of S. C. Parker & Co., Inc., Frank J. Maguire, of counsel, urged the following propositions:

I. The "5% Rule," so-called, is in law and in fact a rule.

II. The grant of legislative power to the NASD is an invalid grant, unless so restricted as to protect the members of the association.

III. The Board of Governors had no power to adopt or amend any rule without submission of the proposal to the members for their vote.

IV. The rule, on its merits, is uneconomic and an improper restriction on a member dealer's freedom of action in his business.

V. The Securities and Exchange Commission should by order abrogate forthwith the so-called "5% Rule."

Dealing with the merits of the 5% spread, Mr. Maguire said:

"The dealer on whose behalf this brief is filed seeks no license to make unwarranted or uncon-

(Continued on page 84)

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New Committee On International Economic Policy Formed

Winthrop W. Aldrich Announces Its Organization In Co-operation With Carnegie Endowment For International Peace—Comprises Leaders Of Business, Industrial, Educational And Religious Groups—Issues A Pamphlet Proposing A United Nations Economic Organization To Act As A Clearing House In Concerted Effort To Promote Mutual Prosperity

W. W. Aldrich

Winthrop W. Aldrich, chairman of the board of the Chase National Bank, made public on July 3, the formation of The Committee on International Economic Policy "to further the serious and competent consideration of the issues which confront all the free peoples of the world and which imply their useful co-operation in reconstructing their economy after the victory of the United Nations."

The committee has been organized in cooperation with the Carnegie Endowment for International Peace, he said. He is its chairman, and Dr. Nicholas Murray Butler and Thomas J. Watson are the honorary chairmen. Clark H. Minor, president of International General Electric and chairman of the Foreign Trade Reconstruction Committee of the National Foreign Trade Council, is chairman of the executive committee.

Fifty-four leaders of national business, industrial, educational and religious groups presently compose the new committee. Included in its board of 16 directors are Eric A. Johnston, president of the United States Chamber of Commerce; Robert M. Gay-

(Continued on page 70)

Significant And Insignificant Happenings At Bretton Woods

BRETTON WOODS, N. H., July 5.—In view of the many difficult problems raised by the selection of the Mount Washington Hotel here as the scene of the United Nations Monetary and Financial Conference, there has been much curiosity among the crowded delegates and newsmen as to just who had selected the site. The answer is: Secretary Morgenthau. One reason was the desire of Lord Keynes, who has not been well, for a cool spot. Certainly Bretton Woods is cool and pleasant, a quiet, green and soothing garden of the gods, circled by mountain ramparts which, until this monetary gathering stormed over the top, sheltered this valley from the turmoil of the war.

* * *

Harry White has been doing a good job of explaining highly complicated features of the two plans to daily press seminars. He compliments the press on the intelligence of their questions, which exceeds that of "some other groups" that have met with him.

* * *

House Committee contest for jurisdiction over monetary fund and world bank legislation which may result from Bretton Woods conference appears certain. This is evident from appointment of House Banking Committee members as delegates. Obviously, the Administration intends for that committee to have jurisdiction, but old rivalry with Coinage Weights and Measures Committee is actively present. Originally it was not intended to have coinage committee members here, but they insisted and Chauncey Reed and

(Continued on page 92)

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By J. H. CLIFFORD JOHNSTON

Chairman, Guardian Investment Trust Co., Ltd., London, Eng.

Prominent Investment Trust Official Proposes An International Clearing System, With A Resumption Of The Minting Of The British Gold Sovereign And The Re-Distribution Of Gold In America By Means Of Loans Safeguarded By An Insurance Policy—Attacks Keynes And White Plans As "Mixing Up Banking With Clearing"—Urges Re-adoption Of International Gold Standard

In 1770 a few bank clerks, just to save themselves trouble, determined to meet for luncheon and a glass of beer at a Lombard Street tavern, and there to exchange the cheques that they should have left at the various offices. This led to a most remarkable evolution in our banking system—the clearing house. Today the central banks can inaugurate a similar revolution in international banking by meeting in an agreed clearing house day by day to make their exchanges in like manner.

The object of the following suggestion is to persuade the nations to give up devaluing their currencies, and to stabilize money on the pre-1914 basis.

This would be accomplished by means of a clearing house for international trade — which would enormously economize gold—and a gold coinage as the official yardstick of a stable currency.

A clearing house for international trade would be merely a machine and, therefore, could be established by the central banks of the nations on their own initiative straight away, without reference to anyone, so the first step towards providing free access to raw materials is for bankers to:

(1) Create a separate department of the bankers' clearing house for international trade and place it at the disposal of the central banks of the cooperating nations.

(2) The clearing balances to be settled by credit and debit entries in a branch of the Federal Reserve Bank or a bank nominated thereby.

Note—No banking capital would be involved, as each debit balance would have its corresponding credit entry. The credit entries would earn interest and could, if desired, be withdrawn by purchasing gold or goods, thus creating new credits in their places.

(3) The par of exchanges existing before 1914 to be taken as the basis on which the various currencies are translated into terms of gold within the clearing house.

(Continued on page 91)

M. B. Starring With Graham, Parsons & Co.

Graham, Parsons & Co., members of the New York Stock Exchange, announced today the appointment of Mason B. Starring, Jr., as head of the stock department in the firm's New York office, 14 Wall Street. For the last seven years Mr. Starring has been in charge of the stock department at Kidder, Peabody & Co., and before that served in a similar capacity with R. W. Pressprich & Co. From 1926 to 1929 he was a partner in the Stock Exchange house of Campbell, Starring & Co. Formerly a governor of the Bond Club, Mr. Starring is now a director in several corporations, including Virginia-Carolina Chemical Co. and Standard Safe Deposit Co.

M. B. Starring, Jr.

Pell & Co. Will Admit William Erb As Partner

Pell & Co., 14 Wall Street, New York City, members of the New York Stock and Curb Exchanges, will admit William M. Erb to partnership in their firm as of July 15. Mr. Erb was formerly in charge of the uptown New York office of Granberry & Co., Frazier Jelke & Co., Dyer, Hudson & Co., and was with other Stock Exchange firms in a similar capacity.

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Ganson Purcell Again Chairman Of SEC

Ganson Purcell has been reelected Chairman of the Securities and Exchange Commission for the year ending June 30, 1945.

Ganson Purcell

Appointed to the Commission's staff as an attorney in August, 1934, Mr. Purcell served as a director of the Trading and Exchange Division from 1937 to June, 1941, when he became a Commission member. He became Chairman of the Commission in 1942.

Post-War Possibilities

Moxie offers interesting possibilities according to a circular on the situation issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of this circular may be had from J. F. Reilly & Co. upon request.

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Carter Corbrey Co. To Open L. A. Branch

Carter H. Corbrey & Co., wholesale distributors, of 135 South La Salle Street, Chicago, Ill., are planning to open an office in Los Angeles, to service Pacific Coast dealers.

Mr. Corbrey will be at the Los Angeles Biltmore Hotel for the next few weeks in this connection.

Mitchell, Hutchins & Co. Honor 25-Yr. Employees

CHICAGO, ILL. — Mitchell, Hutchins & Co., 231 South La Salle Street, members of the New York and Chicago Stock Exchanges and other exchanges, are honoring Fred Lang, A. L. Wilson, Jack Sutherland and Miss Catherine Kennedy who have completed 25 years in the firm's service.

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Hugh W. Long & Co. Moves To New York

Effective July 1st the firm of Hugh W. Long and Company, originally at 44 Wall Street and more recently in Jersey City, has occupied the entire 22nd floor of the Bank of New York building at 48 Wall Street, New York City.

Organized in 1936, Hugh W. Long and Company is national distributor of the shares of New York Stocks, Inc., Manhattan Bond Fund, Inc., Fundamental Investors, Inc. and Investors Fund "C", Inc. These open-end investment companies have total assets exceeding $43,000,000.

The firm is headed by Hugh W. Long, President, who has been actively identified with the investment security business since 1918. Formerly associated with several of the leading underwriting and banking organizations of the country, as well as having headed his own general investment distributing firm, Mr. Long in more recent years has confined his investment activities to the rapidly growing investment company field.

Other officers of the firm include Ernest J. Lewis, Executive Vice-President (Los Angeles); Vernon S. Vivian; C. Elwood Kalbach; Arthur M. Hoagland (Cincinnati); Harry L. Sebel (Chicago) and John A. Straley, Vice Presidents; Thomas F. Chalker, Treasurer and L. C. McDannel, Secretary.

* * *

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad Street, New York. Copies of this interesting study may be had from the firm upon request.

Richardson, Secretary Of Sec. Commissioners

Allan S. Richardson

Allan S. Richardson, Commissioner of Securities for Colorado, has been elected Secretary of the National Association of Securities Commissioners, succeeding Vern G. Zeller, resigned.

Mr. Zeller, who was also director of the Department of Securities of Wisconsin, has resigned that post also and is now with Ray-O-Vac Company of Madison, Wis.

Edward J. Samp has been appointed Director of the Wisconsin Securities Department to succeed Mr. Zeller.

Theodore N. Ofstadahl has been appointed Securities Commissioner for Minnesota, succeeding Robert L. Smith, Jr., who has resigned.

Richard B. McEntire has been appointed Chairman of the Kansas State Corporation Commission, to succeed Clarence V. Beck, resigned.

* * *

Interesting Rail

Raymond & Co., 148 State Street, Boston, Mass., have issued a special analytical letter of Baltimore & Ohio 4½s of 1960. Copies of this interesting letter on the situation may be had from Raymond & Co. upon request.

Production Miracle...

The mass of materiel now overwhelming the Axis is due primarily to one reason—the willingness of American industrialists, often within the same industry, to *cooperate*.

Similarly, many dealers find it advantageous to cooperate with us—as we do with them. Often we can directly apply our knowledge of securities, based upon both statistical analyses and constant market contacts, to the particular problems of the dealer and his customer to a mutually profitable end.

Why not test for yourself just how this policy is applicable to your business? 'Phone or teletype us the next time an unusual situation arises—and let us see if we can't get together.

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Delegates To The United Nations Monetary And Financial Conference

At Bretton Woods, N. H., July 1 to July 20, 1944

The following list of delegates is "provisional" and the names do not include advisors, secretaries and other attaches. The Denmark representatives appear only as "observers," and not as delegates.

Australia

Leslie G. Melville, Economic Adviser to the Commonwealth Bank of Australia, *Chairman;* J. B. Brigden, Financial Counselor, Australian Legation, Washington; Frederick H. Wheeler, Commonwealth Department of the Treasury; Arthur H. Tange, Commonwealth Department of Post-War Reconstruction.

Belgium

Camille Gutt, Minister of Finance and Economic Affairs *Chairman;* Georges Theunis, Minister of State, Ambassador at Large on Special Mission in the United States, Governor of the National Bank of Belgium; Baron Herve De Gruben, Counselor, Belgian Embassy, Washington; Baron Rene Boel, Counselor of the Belgian Government.

Bolivia

Rene Ballivian Calderon, Financial Counselor, Bolivian Embassy, Washington, *Chairman.*

Brazil

Arthur de Souza Costa, Minister of Finance, *Chairman;* Valentim Boucas, Special Adviser to the President of Brazil, Commission to Control the Washington Agreements; Francisco Alves dos Santos Filho, Director, Exchange Bank of Brazil; Octavio Bulhoes, Chief, Division of Economic and Financial Studies, Ministry of Finance; Eugenio Gudin, Economic and Financial Council, and Economic Planning Committee; Victor Azevedo Bastian, Director, Banco de Provincia do Rio Grande do Sul.

Canada

The Honorable J. L. Ilsley, Minister of Finance, *Chairman;* Hon. L. S. St. Laurent, Minister of Justice; D. C. Abbott, Parliamentary Assistant to the Minister of Finance; Lionel Chevrier, Parliamentary Assistant to the Minister of Munitions and Supply; J. A. Blanchette, Member of Parliament; W. A. Tucker, Member of Parliament; W. C. Clark, Deputy Minister of Finance; G. F. Towers, Governor, Bank of Canada; W. A. Mackintosh, Special Assistant to the Deputy Minister of Finance; L. Rasminsky, Chairman (alternate) Foreign Exchange Control Board; A F. W. Plumptre, Financial Attache, Canadian Embassy. Washington; J. J. Deutsch, Special Assistant to the Under Secretary of State for External Affairs.

Chile

Luis Alamos Barros, Director, Central Bank of Chile, *Chairman;* Alfonso Fernandez Martorell, General Manager, Amortization Bank of Chile; Arturo Maschke Tornero, Assistant General Manager. Central Bank of Chile; Fernando Mardones Restat, Assistant Gen-

(Continued on page 93)

AMERICAN MADE MARKETS IN CANADIAN SECURITIES
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Andian National Corp.
Bear Exploration & Radium
British Dominion Oil
Brown Company
Consolidated Paper
Electrolux
Fanny Farmer Candy
International Utilities
Kerr Addison
Minnesota & Ontario Paper Co.
Noranda Mines
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Situations of Interest

F. H. Koller & Co., Inc., 111 Broadway, New York City, have prepared a memoranda on Great American Industries, Laclede Christy Clay Products and Indiana limestone which the firm believes appear attractive at current levels. Copies of these interesting circulars may be had upon request from F. H. Koller & Co.

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Dewey Believes SEC Should Be Retained

Belief that the Securities and Exchange Commission should be retained was expressed on June 29 at Chicago by Gov. Thomas E. Dewey of New York in his first press conference since his nomination as Republican Presidential candidate, according to advices from that City to the New York "Journal of Commerce," which further reported his views as follows:

"By and large, I think the SEC one of the best things the present Administration has done," Governor Dewey declared. As to its own administration, however, the SEC has not done its best to stimulate the flow of capital."

Governor Dewey also declared for State regulation of insurance. He asserted that he was pleased with the foreign trade and anti-food subsidies planks of the Republican platform. He also expressed the opinion that Federal aid would be needed to provide re-employment during the post-war period of transition back to civilian production.

Discussing foreign policy, Governor Dewey said that he was opposed to an international police force if that meant an army with American soldiers directed by some disembodied spirit in the form of a world agency. He expressed approval of what he interpreted as the plank in the platform declaring for establishment of a world court.

Plans also were discussed for a conference between Governor Dewey and the 26 Republican Governors about a month from now to map their part in the campaign.

Attractive Situations

Laclede-Christy Clay Products Co. common, which is listed on the St. Louis Stock Exchange, offers an interesting situation, according to a memorandum issued by Herzog & Co., 170 Broadway, New York City. Copies of this memorandum and also circular on Bartgis Bros. and Federal Screw Works may be obtained from Herzog & Co. upon request.

Van Alstyne, Noel & Co. Adds Bouldin To Staff

Van Alstyne, Noel & Co., 52 Wall Street, New York City, members New York Stock Exchange, announce that Warner Bouldin, formerly of the Bank of the Manhattan Company has become associated with them in their Sales Department.

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Real Estate Securities

By JOHN WEST

Fate of 2nd Mortgage Bonds of 61 Broadway Indicative of the Danger of Junior Liens

The well-known phrase "History Repeats Itself" is very true. Yet, human nature is such that in any kind of a boom, people are prone to forget the pitfalls of the past and repeat the same mistakes.

The collapse of the real estate security market in the early 30's was due in part to the fact that the demand for real estate securities became so great, that the underwriting firms in order to meet that demand let down their bars of caution and sold the public real estate bonds secured by junior liens. The curtailment of income in the depression years resulted in the inability to meet first mortgage charges, leaving nothing at all for these junior liens.

In subsequent reorganizations some of these junior liens were left intact and now once again we find the prevalent boom in real estate securities having the unfortunate aspect of the demand for this type of security, also including the purchase of bonds secured only by a junior lien.

While it is true that quite a few first mortgage real estate bonds have been paid off at maturity, the majority of these bond issues seem to be continually forced to reorganize. The trend of what may happen to junior lien holders when there is a large funded debt ahead of them, may be visualized by the experience of the 61 Broadway reorganization just concluded. The plan approved in this case resulted in the $2,125,000 second mortgage bondholders receiving the choice of a small amount of ownership stock in the building, or $12.50 per $1,000 bond.

The SEC statement in this reorganization is important; we quote their opinion: "Before the Court may approve a plan, it must also find that it is fair. The doctrine of fairness requires that holders of the senior securities be fully compensated before junior security holders may participate in reorganization. Unless the value of the debtors assets exceed that amount of its liabilities, stockholders must be excluded from the plan. Similarly, second mortgage bondholders may not participate unless either (1) there is an equity in its mortgaged property above the claims of the first mortgage, or (2) there are free assets not subject to the first mortgage."

It is possible that some of these old junior lien bond issues still have some value, but it would seem preferable to us for safety sake, if one wishes to speculate with junior lien bonds, to buy only those where the funded debt ahead is small enough to insure some protection of principal in the event of a reorganization.

New Committee On International Economic Policy Formed

(Continued from page 67)

lord, president of the National Association of Manufacturers; Paul G. Hoffman, chairman of the Committee for Economic Development; Eliot Wadsworth, chairman, American Section, International Chamber of Commerce; A. L. M. Wiggins, president, American Bankers Association; J. Clifford Folger, president, Investment Bankers Association; E. P. Thomas, president, National Foreign Trade Council; Fred I. Kent, treasurer, National Industrial Conference Board; Leon Fraser, president, First National Bank of New York, and John W. Davis, vice-president and a trustee of the Carnegie Endowment for International Peace.

In making this announcement Mr. Aldrich released copies of a pamphlet report on "World Trade and Employment", which has been submitted to the main committee by an advisory committee on economics under the chairmanship of Dr. James T. Shotwell, director of the division of economics and history of the Carnegie Endowment for International Peace. Mr. Aldrich emphasized that "responsibility for the views and proposals put forward in the report is that of the advisory committee which prepared it."

Copies are being distributed, he said, to all members of the United States Senate and House, to some 50 national organizations which supported last year the extension of the Reciprocal Trade Agreements Act, and to the heads of other business, farm labor, religious, veterans and civic organizations, as well as to local representatives of the United Nations.

The 19-page document offers a plan of action for the United Nations, which is "designed to create a world of expanding trade and equal trading opportunities for all peoples." The committee presenting the report consists of Dr. Shotwell and Robert D. Calkins, dean of the School of Business, Columbia University; Alexander V. Dye, former director of the United States Bureau of Foreign and Domestic Commerce and presently economic consultant to the National Foreign Trade Council; Calvin B. Hoover, dean of the Graduate School, Duke University, and consultant to the Committee for Economic Development; Wesley C. Mitchell, professor of economics, Columbia University; Ralph Barton Perry, Edgar Pierce, professor of philosophy at Harvard University and chairman of the Universities Committee on Post-War International Probiems; Noel Sargent, economist and secretary of the National Association of Manufacturers; Emerson P. Schmidt, professor of economics, University of Minnesota and presently associated with the United States Chamber of Commerce, and John H. Williams, Nathaniel Ropes, professor of political economy, Harvard University, and vice-president of the Federal Reserve Bank of New York.

The report carries as an introductory note the following statement of the policy and purposes of the Committee for International Economic Policy:

> "The immediate aim of the Committee on International Economic Policy is to further the serious and competent consideration of the issues which confront all the free peoples of the world and which imply their useful cooperation in reconstructing their economy after the victory of the United Nations. To that end the Committee will welcome the cooperation of all organizations and individuals who are interested, and will be happy to receive the comment and suggestions which it hopes that publication of a series of reports from its Advisory Committee on Economics may call forth. The Committee looks forward to an exchange of views and data with all other committees engaged in post-war studies."

The committee further states that this pamphlet report is the first in a projected series of studies.

Digest Including Direct Quotations from Advisory Report

Emphasizing that international trade is not an end in itself but is a means to the primary goal of "steady employment at remunerative work yielding high living standards," the Advisory Committee makes these, among other, comments in their report:

"Employment is more than a national problem. It is an international question, the solution for which can be found only in an expansion of world trade and economic cooperation. . . . The traffic must be two-way. Trade is a two-way street. . . . A fair adjustment of trade barriers is essential to promote balanced trade development.

"The great industrial countries, and many of the vigorous agricultural exporting countries, are now geared to outputs that can be absorbed only by a peaceful world of expanding trade and rising living standards. . . . There is, however, no possibility of utilizing this productive capacity which modern science has made available, or of meeting the basic human needs of consumers the world over, unless the channels of international trade are opened and kept open on a basis as fair to one country as to another. . . .

"The moment is at hand to sweep away the nationalistic political devices by which international trade in the recent past has been made an instrument of economic warfare. In peace, as in war, the initiative is an important element of success in any venture. Such an initiative, carefully prepared and resolutely pursued, could make trade once again a means of mutual enrichment and an instrument for enhancing the common welfare, instead of an aspect of rearmament and a tool of aggression.

"There is a universal demand that mass unemployment shall not be allowed to develop in the post-war period as it did in the depression which began in 1929. That demand is as insistent as it is widespread. Governments will not ignore it. If private enterprise flags, they may be expected to take internal measures to sustain and promote employment. Such measures can only be national in character. But they are only too pat to fail of their purpose unless they are adjusted to the international economy."

The Principles Proposed

A summary follows of some of the principles designed to constitute a framework for the United Nations within which international trade can expand:

National Treatment—The great expansion of world trade in the latter half of the 19th century was made possible by the extension of a network of Treaties of Commerce and Navigation which may be said to have constituted an accepted code of international commercial law. They specifically defined the rights of aliens engaged in peaceful commerce and assured to foreign traders parity of status with the nationals of each contracting party.

In the period of aggressive economic nationalism which preceded the outbreak of this war, many long-standing Treaties of Commerce and Navigation had been replaced by short-term agreements. The result was that national governments obtained discretionary powers over the status of alien traders, and dictatorial governments made the administration of law a matter of arbitrary interpretation. The alien trader in practice found that he had lost whatever rights he may have thought remained to him under international as well as national law. What is needed now is a single international convention which shall incorporate the general principle that alien traders shall be entitled to receive the same treatment as is secured to citizens by their own country.

Most-Favored-Nation Treatment—The principle of most-favored-nation treatment, which has long been observed as a part of the trading policy of the United States, should be given effect.

Simplification of Formalities—Regulations governing international trade should be clear and simple and should be freed from needless complexities. Invoice requirements should be reasonable, tariff classifications should be uniform, procedure should be stable, and excessive and oppressive penalties should be eliminated.

Unfair Competition — Provision should be made by agreement between nations to prevent unfair competition in international trade.

Commercial Arbitration — National courts should recognize and enforce the validity of arbitration clauses in international commercial contracts.

Double Taxation — The principles for the elimination of double taxation should form an integral part of the agreement.

Import Prohibitions and Quotas—The proposed agreement should provide against restrictions on imports that would disrupt the normal flow of international trade.

Exchange Control—International commercial transactions call for proper agreements relating to the rates at which the currencies of different countries can be exchanged.

Tariffs and Their Stabilization—Provision for a permanent international tariff commission should be made constantly to study and make recommendations for adjustment of trade barriers which will assist nations in reaching agreement as future conditions may demand.

Ransom, Albany Manager For Barrett Herrick & Co.

ALBANY, N. Y. — William I. Ransom has been appointed manager of the office of the investment firm of Barrett Herrick & Co., Inc., 75 State Street, it is announced.

Interesting Rail Situation

Adams & Peck, 63 Wall St., New York City, have prepared an interesting circular on Boston & Albany RR., which appears attractive at the present time, the firm believes. Copies of this circular may be had from Adams & Peck upon request.

Tomorrow's Markets Walter Whyte Says—

"Jump" openings bring new buying overcoming selling. Public now in with both feet as inflation fears take hold.

By WALTER WHYTE

One of the hardest markets to analyze is one ruled by hopes and fears. This is the kind of a market we are having now where mob psychology is the dominant factor.

* * *

Right now the bete noire of the ticker tape is the word inflation. How it will take hold, who will be hurt and who will benefit by it nobody really knows. The farm bloc believes it will benefit; labor believes it will be hurt. In between there is plenty room for argument. But one thing everybody agrees on and that is to get rid of money and buy things. In the stock market this conversion into things is stocks, common stocks, or preferred with common conversion privileges. With almost everybody trampling on each others' heels to make the exchange, resistance points and other technical barriers are meaningless.

* * *

How long such a market can go on and disregard factors which spell danger to the initiative is a moot question.

* * *

A few weeks ago when invasion fears were paramount, I wrote that actual D-Day would probably set off an advance instead of the widely feared decline. After a few days of hesitation that is exactly what happened. In between there were days when stocks wavered but at no time did they break.

* * *

Last week I saw what I believed were strong technical barriers which would stop any additional advance. Obviously I didn't reckon with a public psychology and a wide open pocketbook. For despite the better selling that came in the buying, even though poor in quality, was sufficient to take care of it.

* * *

Paradoxically such a condition sometimes brings good buying back again. For the buyer who sells (assuming he's a professional) feels he is getting close to a high for his stock. Basically, however, the professional and the tyro are brothers under the skin. If the former gets out and then sees his stock proceed merrily up without him he, being human, is likely to forget all his hard earned lessons and dive right back again. The tyro, untroubled by supply and demand areas, technical obstacles and other tricks of the trade familiar to the professional, just holds on. He may even buy more. The result is a fast market, big volume,

(Continued on page 94)

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Railroad Securities

Illinois Central is the latest of the railroads to institute proceedings looking toward simplification of the leased line situation through elimination of outstanding stock. The road, and the subsidiary Chicago, St. Louis & New Orleans, have filed application with the Interstate Commerce Commission for authority to issue $8,700,000 of 4% bonds to be exchanged for a like amount of the Illinois Central 4% leased lines certificates. The certificates are secured by pledge of the Chicago, St. Louis & New Orleans stock.

The wave of bond exchange offers for leased line stocks was first started by Delaware, Lackawanna & Western as a move to eliminate the income tax problem which had been the subject of extended litigation. The Illinois Central proposal is expected to result in an annual saving of around $150,000 to the system. That portion of leased line rentals going to pay dividends on stocks is subject to Federal income taxes while the portion going to pay bond interest, expenses, etc. is not.

While the rental saving to Illinois Central from the proposed exchange is not in itself too important from a money angle, it is important as being indicative of the substantial progress the company has made along all lines in recent years in putting its financial house in order. The road was handicapped to some extent in its debt retirement efforts by the fact that it was fairly heavily indebted to the RFC at the outset of the war boom. This debt had to be paid at its full face value, thus diverting funds that might more effectively have been used to purchase bonds in the open market at substantial discounts. This RFC debt was finally eliminated last year through the unique vehicle of a serial equipment obligation secured on the company's old equipment on which the original equipment certificates had already run out.

Despite the handicap of the RFC obligation the company has done an outstanding job of debt retirement. Since the beginning of 1941 the non-equipment debt of the system has been reduced more than 21%, a rate exceeded by very few of the marginal carriers. Moreover, the management has left no room for doubt that this program will be continued aggressively so long as earnings are available for such a purpose, and until a sound capital structure has been achieved. At the annual meeting last May Mr. Beven, President of the company, announced that fixed charges had by then been reduced to an annual level of around $12,000,000 and that the goal was $10,000,000 before consideration would be given to dividends on the stocks. Last year actual fixed charge accruals were $14,142,258 and at the outset of the depression of the early 1930s the company was supporting a burden of $17,667,000 of fixed charges.

If traffic and revenues were to return to the average 1938-1940 level (considered far too pessimistic a possibility to be given serious consideration for quite a few years at least) it would be necessary to carry only 11% of the gross through to net operating income to support the present fixed charges. If charges are reduced to $10,000,000, which is viewed as a good probability, they would absorb only 9% of the 1938-1940 average gross. Either would be a relatively light burden for a property of Illinois Central's efficiency.

Basically the road benefits from a relatively substantial proportion of bulk goods moving in full train loads, which inherently is profitable traffic to handle, and a ratio of wages to gross well below that of the industry as a whole. This factor of low wage costs in relation to the business handled is apt to prove of added importance in the post-war years when business and traffic return to normal. Indicative of the road's efficiency, it was able to carry 14.3% of gross through to net operating income before Federal income taxes during the 10 years 1931-1940. This was despite extraordinary expense accruals in one year, 1935, when only 6.9% was carried through. Except for 1935 and 1931 the company carried more than 14% through in every year of the depression decade. With its reduced charges many rail men feel that Illinois Central securities are entitled to considerably higher investment regard than they are being accorded in present markets.

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Twin City Traders To Hold Outing July 20

MINNEAPOLIS, MINN,—Twin City Bond Traders Club (Minneapolis-St. Paul) will hold its Ninth annual outing and field day on Thursday, July 20, 1944 at Golden Valley Golf Club, Minneapolis.

The Club President is Maynard W. Rue, J. M. Dain & Company; Vice President Paul Matsche, Paine, Webber, Jackson & Curtis; Secretary O. M. Bergman, Allison-Williams Company; Treasurer Jack Talbot, Northwestern National Bank. Walter Space, Woodard-Elwood & Company is National Committeeman and Charles J. Rieger, Jamieson & Company is Chairman of the Entertainment Committee.

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Public Utility Securities

Utilities Hurt by "Double Bookkeeping"

During 1926-31 taxes paid by electric utility companies grew only slightly faster than revenues, the ratio increasing from 9.4 to 10.4%. During the New Deal administration and before special wartime taxation was imposed, the ratio jumped to 16.4% in 1939. With the addition of the excess profits tax, the burden rocketted to 24.5% last year and in 1944 (due to the rise in excess profits tax rate) will be still higher. Expressed in percentages of revenue, the following is a "break-down" of taxes since 1937:

	Federal Taxes				State &	Total
Years—	Misc.	Income	Ex. Profits	Total	Local Taxes	Taxes
1943	2%	8%	7%	17%	8%	25%
1942	2	8	5	15	9	24
1941	3	7	2	12	9	21
1940	2	6	--	8	10	18
1939	2	4	--	6	10	16
1938	2	3	--	5	11	16
1937	2	3	--	5	10	15

It is obvious that the entire blame for the utilities' tax dilemma rests with Federal taxes on income, since miscellaneous Federal taxes have remained steady in relation to revenues and state and local taxes have actually declined.

There can be little doubt that the excess profits tax was levied by Congress with the general idea of levelling abnormal wartime earnings, but it has not merely absorbed the utilities' extra war earnings—it has reduced net income from $539 million in 1939 to $515 million in 1943; and the balance for common stockholders from about $415 million to $387 million, a cut of 7%—despite the fact that revenues have increased 30% and output of electricity 57% during this period. Obviously, the excess profits tax should not apply to utilities; the increase in the normal and surtax rate (from 3% of revenues to 8%) should suffice for their contribution to the war effort. Most other industries have shown an increase in earnings after taxes since 1939, rather than a decrease.

The old theory of the courts and commissions was that utilities were entitled to about 6% on investment and that rates should be adjusted accordingly. A composite balance sheet is not yet available for 1943 but based on the 1942 net plant account (which may have increased slightly) plus current assets, net operating income for all departments in 1943 ($760 million) amounted to only 5½% of the net investment of $13,907,000,000. Yet the 1943 tax law permitted an exemption on invested capital of 8% for the first $5,000,000, 7% on $5-10,000,000, 6% on $10-200,000,000 and 5% on more than $200,000,000. Since comparatively few companies have more than $200,000,000 capital, it is difficult to see how excess profits of $192,000,000 should have been levied in 1943—equivalent to about 1.4% on the entire invested capital. The reason apparently lies in the fact that the utilities had written down their plant accounts much faster—by taking larger depreciation accruals — in their books kept for tax purposes, than in their regular corporate books kept for stockholders. This was done in accord with Treasury Department rules, and was a perfectly legitimate procedure. So far as the writer is aware there are no compiled totals for these special tax figures on plant values, but the "Financial Statistics of Holding Companies for 1930-42," prepared by the SEC, gives figures comparing the respective percentages of revenues and fixed capital charged for depreciation in both sets of books. While there is no cimpiled total, it appears that for many years (until recently) the charges in the Treasury reports averaged perhaps twice those in the stockholders' reports. Thus the accrued reserves on the tax books would be much larger, and the net invested capital correspondingly lower. Some utilities thus are now suffering tenfold from the desire in earlier years to save on taxes. It would doubtless be worth their while to readjust their tax books for former years, and pay increased taxes for those years, if by so doing they could reduce their present "invested capital" figures.

Since the Treasury would probably not agree to such a course, the alternative would be to explain the situation to Congress and ask for permission to restate depreciation reserves in the tax reports (bringing them closer in line with the published figures) and making the Treasury's application of tax rates apply to the revised basis. Chairman Doughton recently stated that work would begin on a tax simplification bill for corporations, and the question might well be raised in that connection.

Recently there has been a wave of rate cuts by local authorities on the ground that tax funds paid to the Federal government might just as well be saved for consumers. This still further penalizes the utilities and spoils their hopes for increased earnings when Congress repeals excess profits taxes after the war. It also weakens their position when war revenues are lost. The whole problem of utility taxes and rates is muddled and needs clarification. Keeping two sets of books has been costly to stockholders, and the practice should be abolished.

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International Monetary Fund Will Promote Exchange Stability

(Continued from page 67)

fighting of the 1930's points clearly to the conclusion that such economic warfare is neither in the best interests of the particular country nor in the general interest of all countries. Unrestrained economic warfare, if allowed to continue in the future, will again disrupt production and employment by destroying international trade and injuring national markets. It will undermine one of the foundation stones for a secure peace.

"Some examples from the United States may illustrate what I mean: The condition of American cotton, tobacco, and other agricultural producers depends upon the ability of European and other countries to buy substantial portions of their crops. If Europe is not prosperous and the proper mechanisms of trade are not used, these American producers will not be able to export as much of their produce. At the same time the prosperity of other parts of the world and of the United States depends on the importation of raw materials from foreign countries. The higher the production levels in the United States and the more efficient the trade mechanisms, the more raw materials we import from abroad. Both the United States and other countries are thus benefited. A unilateral or bilateral approach to our trade problems cannot produce the highest benefits for the peace-loving nations. The approach must be multilateral.

"The proposal for an International Monetary Fund which we are to consider in this Commission is designed to promote the development of international markets by providing a permanent institution for international monetary cooperation. It would promote exchange stability, assure multilateral payment facilities, help lessen international disequilibrium, and give confidence to member countries. Only by developing the necessary machinery to maintain multilateral nondiscriminatory trading among nations can we hope to avoid resort to exchange restrictions, quotas, and other devices which inevitably cause a contraction of trade and production. The proposed Fund, which is before you for consideration, would be an important influence toward stability in international monetary and economic relations.

"Clearly it is going to be a difficult task to get over all the ground that we hope to cover before the end of the Conference. We can be successful only if we concentrate on the job and cooperate to the fullest possible extent. That is the task of this Commission and its various Committees."

War-Time Growth Of Electric Power

Edward F. Barrett, President Of Long Island Lighting Co., Furnishes Interesting Data Of The Electric Utilities Industry's War-Time Accomplishments

The Commercial Research and Publicity staffs of the Long Island Lighting Company, through its President, Edward F. Barrett, have issued an interesting and instructive leaflet, prepared for its customers, entitled "The Unseen Power Hitler Forgot." It is a factual statement of how the privately-owned and privately operated electric utilities of the United States took up the challenge of war and surmounted its handicap.

E. F. Barrett

The leaflet starts with the statement that "America's productive power and what has been accomplished for the war effort is an interesting story." Continuing, the author says, "Prior to 1940 we were living in peace-time surroundings. Only a small fraction of our Industrial Production—about one twelfth—was directed to the output of war materials for ourselves and England. Then American industry employed about 10 million people; today it employs 15 million people. And now nearly three quarters of this vast industrial production is destined to the war.

	1940	1943
Persons in industrial production	10,325,000	15,000,000
Average hours worked per week	38	46
Approximate man hours	1,960,000,000	3,580,000,000

"In other words our industrial employment in man-hours has increased by 82½% or nearly doubled.

"Even this does not tell the story as far as war production is concerned.

	1940	1943
Amount of output for war use	10%	67.5%
Man hours	196,000,000	2,420,000,000

"In three short years we have increased our war production more than 12 times from the standpoint of man-hours.

"However, even with this great increase in man-hours in war production, our living standard for civilians has suffered surprisingly little. All of us still have the things that are essential to our daily living. These figures show that more than a billion man-hours of work is still expended on

(Continued on page 88)

The Next Ten Years

(Continued from first page)

is already under way. It should not adversely affect business or the stock market. Hence, for the first few years after the formal ending of World War II, good business in most lines should be in order.

Industrial activity and production during the post-war period should run about 50% above prewar figures but will, of course, show a decrease from the peak of war production. This drop, however, is already being absorbed in many lines without fuss for the peak in war production was reached almost a year ago. National income, represented by wages, rents, interest, dividends, etc., will probably average around $112,000,000,000 per year. This will support a large volume of business. Living costs may rise 25% but if so those who now purchase well selected securities may perhaps get enough capital gains to offset increased living costs.

New Building

With a high level of national income, plus accumulated savings, I cannot see anything except a very large volume of retail sales. Such sales have expanded greatly during the war, but I believe in the post-war years that they may exceed in dollars their wartime peak. Plans for the renewal of automobile production are being carefully worked out. A year or two after the war, production may approach 6,000,000 cars a year for two or three years. In addition, all sorts of household appliances, home furnishings, automobile accessories and other hard goods, along with an abundance of soft goods, will be available. These all will be in great demand.

I fully expect, in the decade after the war, to see close to 5,000,000 new homes built. This will naturally be a great thing for both skilled and unskilled labor and should do much to keep up activity in the cement industries, which last will also benefit from our new road-building program. Homes are currently in great demand and prices—particularly in suburban communities — are expanding rapidly. It looks very much as though we would experience a real building boom. This is likewise true of productive real estate in general. I cannot now say that the entire country will participate in a land boom, but Florida, the Southwest and California now seem headed in that direction.

Our Best Bet

After the immediate and inevitable readjustments which the end of the war will bring, businessmen should not be too much concerned with worrying over the following four years. Our real problem and task will be to determine how our coming prosperity can be extended after 1950. In the early 1950's we will begin to see signs of distress. It will be much harder then for business to provide reasonably full employment within the limits of our free enterprise system. Furthermore, the post-war inflation which many are now worrying about may take place at that time.

We shall not always be able to depend upon Washington to maintain our property or to provide a solution to our economic problems. **Beyond the post-war decade, the future depends upon the character and education of our young people and upon the intelligent and far-sighted guidance of us parents and grandparents.** Yes, I am optimistic for the next five years, but during that period we should prepare for another era of declining real estate, bond, stock and commodity prices, accompanied by general unemployment after 1950.

What Price Economic Security?

(Continued from first page)

ly deny, namely man's individuality. Still the projects have their value, possibly in a way not anticipated by their originators. For most if not all plans agree at least in three fundamental aspects. The planners' objectives are to be reached in a social atmosphere of political democracy, individual freedom, and economic security.

But democracy is still an experiment. The next 20 years, if not the next 10 years, may well decide whether it has been a successful experiment. The price which must be paid for political democracy is assumption of responsibility on the part of every citizen and group of citizens. Citizens must inform themselves of the ability and trustworthiness of their candidates and perpetually cast a wary eye toward incumbents, electoral and law-making mechanisms, and political institutions. From that point of view, the program of all bodies concerned with public relations has been a dismal failure and hence individually and socially a costly neglect.

Restraints, compulsory changes in behavior patterns inevitably breed counter-revolutions. All the more so when changes constitute violations of fundamental beliefs. Agriculture, business, finance, labor and other interests desire, and justly so, a speedy retirement of government from spheres of action normally their exclusive domain. Unfortunately, this desire has reached such emotional pitch that emotions threaten to engulf that inner voice which now and then asserts itself and asks for facts.

Life would not be worth while living, it would be quite unendurable, were it not for human emotions. But when it comes to individual and social inventory taking, emotions become dangerous.

Farmers, consumers, businessmen, workers, financiers — all want to be free to make their economic decisions, but they also wanted and still want economic security to an ever increasing degree. This juxtaposition of individual freedom and economic security would be very funny, were it not so portentous. Despite the almost maniacal attacks by the pink and crimson cohorts upon the slogan "back to normalcy," there is universal appeal in it. But regardless of what definition of the word "normalcy" is employed, a back to normalcy step involves costs. It is not only meaningless, it is dangerous to advocate governmental abstinence from economic decisions without stressing the cost or price that such a step involves.

Possibly the farmers consider floors under farm prices normal Consumers, regardless of complaints, have found much in OPA rulings that they approve and possibly wish to retain. Many, too many, businessmen think of subsidies in one form or another as normal. This despite the fact that of all hidden attempts at socialization, subsidies are the most vicious because if widely used, they make socialization in the end inevitable. Workers perhaps consider a 6% pay roll tax on employers and employees, as advocated in the Wagner, Murray, Dingle bill, normal. The banker thinks of wholly or partially guaranteed loans as normal. Everyone talks glibly about the desire to maintain capitalistic institutions, but conveniently forgets that the essence of a capitalistic society is risk-taking, with a proper reward to compensate for its assumption and for its further encouragement.

If that is, and it would appear so, the new normalcy, how much does all this cost? What does the price tag say which is attached to everyone of these and similar desires? Moreover, considerable purchases have already been made at the economic security counter on a postponed payment plan. The bill as yet has not been presented.

Regardless of social beliefs, we are all more or less tired of hearing the sergeant's whistle in the morning, tired of musts and must nots. So underneath all thinking, from black to red, there is a longing for a more normal social relationship — whatever that word "normal" may imply. But two questions should be raised if unpleasant surprises are to be avoided. (1) Much has already happened as the result of a common desire for economic security and for a more or less painless guns-and-butter war and utter disregard for price tags. Thus how far can the road back be taken? One look must convince any thinking individual that wide stretches of the road have been made impassable. (2) What is the price for economic security? What is the price for its many phases which evidently have become part of the new normalcy?

Agreed, Government must restore the power for making economic decisions to the rightful owners. Still, one may question whether there has ever been any usurpation of powers. Perhaps there is no such thing as usurpation, only dictatorship by default. Others who were in the position to make decisions were unwilling or unable to make them. But someone had to make them. Thus the Government made them. Whatever the answer, what are the facts? Let us take inventory, a pursuit in which emotions have no place.

Economists generally agree that Federal, State and local taxes in the post-war period will reach the gigantic figure of between $30 and $35 billion. In addition, there will be a governmental debt in excess of $300 billion. Today over $60 billion of this debt is held by the commercial banks. It would be foolish to deny that these banks must take over considerable quantities of additional governmental securities after the war when corporations as well as individuals will dispose of large amounts of their holdings of government securities for the purpose of purchasing with the proceeds producers' and consumers' goods.

The bankers have carried a tremendous burden in financing the war. So far little recognition has been given them. On top, there is the danger that before long some demagogue will rally a considerable following by calling attention to the fact that the bankers own billions of dollars of government securities and that taxpayers are thus assessed billions to provide bank profits on riskless assets.

As a result of the banks' contribution to war finance —to some extent due to the fact that butter and guns were wanted and individual bond purchases and taxes remained too low too long—the banks have been snowed under by an avalanche of deposits with a consequent lowering of their ratio between deposit liabilities and capital account and a lowering of excess reserves.

Few citizens realize that Government securities, primarily Treasury bills, have been monetized. The Board of Governors of the Federal Reserve System makes this significant statement in its 1943 report, completely overlooked by the press: " . . . with the large volume of short-term securities held by banks, excess reserves no longer have the special significance for bank liquidity that has been attached to them in recent years." In other words, the Federal Reserve Banks under pressure of the U. S. Treasury said to the banks: "Never mind your excess reserves. You don't need them any more. Help us finance the war and if you lose deposits to another bank and you need funds, the Federal Reserve Banks will take your Treasury bills at par." Thus, any deficiency in legal reserves can be corrected via the sale of Government securities in return for which banks will be credited on their reserve account.

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Capital markets in a capitalistic society cannot successfully function unless a flexible interest rate exists. Down to 1937, the Federal Reserve Banks aided the money and capital markets by having a flexible interest rate. Since then, as a result of taking Government securities at par, a rigid interest rate has been established.

The demand is for economic freedom in the financial sphere of action. Capitalism cannot survive without free markets. But there is a price for it. Perhaps for the time being, at least until a balanced budget and a definite trend toward the repayment of the governmental debt has been established, the road toward a free money and capital market is blocked. Banks, not to mention a multitude of other financial institutions, own large volumes of Government securities. They have also relatively low capital funds. There certainly is no assurance that the new era of low interest rates is permanent, particularly once Americans forget the babbling about a mature economy and take up new security issues representing typical venture capital. A rise in the interest rate, without which the new risks to turn out new gadgets cannot be effected, spells a decline in the market value of bonds.

Could financial institutions take such losses on their portfolios and still have sufficient capital to assume new and higher risks for private business? Or will Federal Reserve banks continue to stand ready to purchase government securities at par until the present $15 billion of government securities held by the Federal Reserve banks has been trebled or quadrupled?

This is not the place to suggest possible alternatives, but one thing is clear. The debt structure will block for the time being any return to any semblance of free financial markets and a return to the passive role, one of accommodating business and controlling dangerous credit expansions, on the part of the Federal Reserve banks. Besides how can the Federal Reserve banks today prevent an undesirable credit expansion? They are limited as to the ceiling on legal reserve requirements. The interest rate is fixed. And if large volumes of government securities should be offered, the Federal Reserve authorities would be forced to purchase them in order to protect financial institutions. In other words, the Federal Reserve banks would be forced into the wrong kind of open market operations.

Does that spell qualitative credit control because no means for effective quantitative credit control is left? Does than mean discretionary powers for the Federal Reserve authorities to raise legal reserve requirements at will —the road that the 100% reserve money advocates have been pointing to for so long? In plain words, socialization of bank credit may be around the corner unless financial leaders will leave their foxholes into which the New Deal has driven them, brave whatever storm might come, get together and sit down with the politicos. After all, this is an election year. It might be already too late for it.

At present, the best that can be hoped for is a compromise. A partial return to free financial markets and a considerable retaining of government control over them with the definite recognition that even such a meager compromise might have to be purchased at the price of some losses in investment portfolios. If riskless assets are wanted, they can only be purchased at the price of heavy control. Even a most superficial analysis of the debt structure reveals that.

What about a $30 to $35 billion tax bill? To a large extent that is the price for previous lack of attention to government. As long as such a gigantic tax amount must be collected and expended, business will be affected—even under an administration pledged to a complete laissez-faire attitude. In addition, a lack of proper timing in collection or expenditures and a lack of a tax program embodying a very definite tax philosophy rather than a patchwork tax structure could do a lot of damage. But a lower tax bill, particularly in the field of state and local government, will demand as price more attention on the part of all groups to local and state problems. Are 167,000 governments really necessary? To what extent and where is government reorganization involving consolidation necessary? A large tax bill reduces economic freedom of action, but the price for a lower tax bill is steep. Steep because U. S. citizens have felt their time to be too precious to be spent on attention to their government. Steep because some old and precious ideas must of necessity go by the board.

Strange how the people most conscious of any in the world of price tags have chosen to disregard the price tags on the things they most ardently seem to desire. Here is labor with its cry for social security. But many labor "leaders" have been responsible for inflationary policies which have aided in the upward movement of prices, thus reducing their social security income. Social security payments are made in dollars. One would think labor would hence advocate fiscal policies which would keep prices stable and thus assure them their real income from social security payments. Will they demand now more in dollars and cents, perhaps at the expense of a still higher price level (not to mention the cost-price ratio) and so on ad infinitum? Surely an odd way to achieve economic security.

There are two ways, not one, to achieve a higher standard of living. One, to be sure, is the raising of money incomes. But there remains another, namely, lower prices as a result of higher technical efficiency and hence a rising real income. Which road at what cost? Raising money incomes is usually confined to pressure groups. Later another group wants what the first group got and a fight is on, embodying perhaps nasty jurisdictional labor disputes and perhaps strikes. In addition, those groups who by virtue of their lack of organization

(Continued on page 85)

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number thirty-eight of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Gleaning the News

An estimable gentleman, who is very prominent in prohibition circles, recently read a paper before a House judiciary sub-committee which met to consider dry legislation. He denounced liquor as a "non-essential luxury enterprise" having no place in a war program.

And, almost coincidental, we read a recent dispatch in the newspapers from Algiers which seems to refute at least a substantial portion of the gentleman's statement. It tells us that for the first time in history, combat crews in American planes are receiving two ounces of whiskey to relieve "pilot fatigue."

According to the news story, our Air Surgeon in Washington authorized this new departure on August 10th, last, and shortly afterwards our Air Force in North Africa received the privilege. The allotment of two ounces of whiskey is offered to each member of a combat crew after he returns from a mission but is not mandatory. Any scruples against drinking are honored. He is not forced to drink. Our information tells us, however, that this new departure has been enthusiastically received by our air men.

It is certainly not new that medical men have for a long time been in favor of allotting moderate quantities of whiskey to our front line troops. Physicians, who have had experience in Italy, have often made the statement that both the morale and physical well-being of our combat troops would be improved if they were given a moderate ration of whiskey in the morning and in the evening.

In the broader dissemination of this information, we may incur the displeasure of those of our citizens who see no good, but only evil in alcoholic beverages. But if they were to ask our boys who spend limitless hours working and fighting on sheer reserve power, they would perhaps graciously admit that it is the *abuse* and not the *use* that they object to. Its abuse can never destroy its actual intrinsic value.

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Pennsylvania Brevities

Philadelphia Electric Company

The Federal Power Commission in Washington has directed the Philadelphia Electric Co. to show cause, on or before Sept. 20, why it should not make accounting adjustments involving over $37,000,000 in write-ups and other excesses over original plant costs.

Commenting on the Commission's order, a company spokesman said:

"The report has just been received and the items discussed are of a highly controversial nature. The company has not yet had an opportunity to review the order nor determine the propriety of the proposed accounting adjustments.

"Most of the items referred to in the statement date back 30 years and are a matter of history in the early consolidation of approximately 400 smaller companies which now form the Philadelphia Electric Co."

A.C.F. Brill Motors Co.

Terms of the proposed merger and consolidation of American Car Foundry Motors Co. and Brill Corp., which were made public last week, brought mixed comment from security holders and resulted in several odd market situations as traders sought to appraise the value of the new A.C.F. Brill Motors common stock provided for under the plan.

As proposed, the holder of each share of Brill Corp. preferred will receive $70 principal amount of new 6% income debentures, $12.50 in cash and 8 shares of new common.

Each share of A.C.F. Motors preferred will receive 7 shares of new common.

Each share of Brill Corp. "A" will receive 1.1 shares of new common.

Holders of Brill Corp. "B" and A.C.F. Motors common will receive warrants to purchase the new common in various amounts and ratios.

Assuming the 6% income debentures to be worth par, Brill Corp. preferred, selling at 134, would reflect a current value of approximately 6½ for the new A.C.F. Brill Motors common. However, Brill Corp. "A," selling at 9 and scheduled to receive 1.1 shares of the new stock, indicates a current valuation of approximately 8½ on the latter. In approaching an appraisal from the standpoint of the market for A.C.F. Motors preferred, we find a current quotation of 50 bid, 60 asked, which would indicate an equivalent quotation of about 7⅛ bid, 8⅝ asked, on the new stock.

Obviously, several methods of arbitraging the old securities against the new are present, all, however, subject to the uncertainties and delays to which such situations are subject. Consensus of opinion appears to be tending toward agreement that the new stock will possess merit and may be reasonably compared with Twin Coach, currently selling around 13. The more favorable terms obtainable through the purchase of Brill Corp. preferred is held to be attributable to the higher cost price of Brill preferred and the possibility of "freezing" a greater amount of capital for an uncertain length of time. As the plan approaches consummation, it may be expected that the various appraisals will tend to coincide at probably higher levels.

The plan will be submitted to security holders for approval on July 27.

Warner Company

On June 26, directors of Warner Company announced they had negotiated a tentative arrangement with Penn Mutual Life Insurance Co. to refund Warner Co. 6s, 1951, and the short term lien on the properties of American Lime & Stone Co., a subsidiary to be wholly merged. The plan provides for a new $4,000,000 mortgage at 4%, to be fully amortized by 1959. Advantages of the procedure are (a) a reduction in annual interest charges of $70,000, (b) extension of life of underlying debt from seven to 15 years, providing for safe and easy amortization and (c) consolidation under Warner title of American Lime & Stone Co. properties with valuable raw material reserves, plants and equipment for the manufacture of chemical-lime products at Bellefonte, Penna.

The steps to be taken have brought renewed interest in Warner Company first and second preferreds and common stock. It is believed likely that one of several suggested plans for a reclassification of these stocks will receive early consideration. Earnings and asset values on these issues are high, but the preferreds carry heavy burdens of arrearages. The entire issue of second preferred and 80,250 shares of Warner Company common are owned by Wawaset Securities Co., an inter-company investment trust which will probably be liquidated.

U.G.I.

Although United Gas Improvement Co., under SEC orders, has reduced its assets from $337,000,000 to approximately $49,000,000, there is no current plan to dissolve the company, said Samuel T. Bodine, Chairman of the Board, in a statement before Judges MacNeille and Milner in Common Pleas Court. The appearance was in connection with a minority stockholders' suit which sought to enjoin the company from putting into effect an annuity plan for 94 employes, including seven officers.

Under integration orders, U.G.I. has disposed of most of its former nation-wide properties and holdings, retaining, however a solid nucleus of operating companies located within the Commonwealth of Pennsylvania and which are held to be immune from severance.

As has been suggested in this column, it is apparent that U.G.I. has placed these assets under lock and key and is pre-

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Pennsylvania Municipals

Philadelphia Revenues Exceed Estimates

The Pennsylvania Bureau of Municipal Research reports that 1944 will mark the fourth successive year in which City of Philadelphia's revenues will substantially exceed budget estimates. For budget purposes, probable receipts were scheduled at $85,072,467. By year-end, the Bureau believes the surplus over the estimated figure may reach $2,000,000. It is expected that rental from the Broad Street subway will yield $800,000 more than anticipated; an extra $1,000,000 will be derived from the City's income tax, and small surpluses will be available above budget estimates of water rents and amusement taxes. It is presumed that receipts from delinquent real estate taxes and magistrates, fines and costs will be somewhat less than expected.

Problems of the Future

In a report prepared by C. W. B. Townsend for the Citizens Committee on the Philadelphia Debt Structure, the author commends the improvement made in the City's financial affairs since 1940 but warns against a heavy burden of long term debt and the accumulation of deficits due to unrealistic estimates of revenues and expenditures.

The report states that the City has many long-deferred capital improvements which must be financed when it is possible to do so. Badly needed improvements to the water and sewer systems, which will probably be undertaken when materials and manpower become available, will not greatly affect the borrowing capacity of the City since they will be self-sustaining in character. But long term debt, whether or not it falls within a self-sustaining classification, must be paid from the general revenues of the City. While it is true that municipalities can borrow funds more cheaply at present than at any time in the past, a percentage of the cost of all capital improvements should be met out of current revenues and this percentage should be greater than the 5% which has prevailed in the past.

Recommendations of the City Planning Commission should and probably will receive proper consideration in the matter of selecting and timing capital improvements. Lack of borrowing capacity may delay portions of this program.

However, in the event that the outstanding sewer debt becomes deductible by reason of the imposition of an adequate sewer rental, this should release sufficient borrowing power for near term needs. The annual payments of additional sums into the sinking funds plus the retirement of serial maturities will provide some further borrowing capacity.

In February, the Court of Common Pleas ruled that the City's investment in the Frankford Elevated Railway is self-sustaining, and that the bonds issued and still outstanding for the construction of the Railway may now be deducted from the gross debt of the City. With such bonds deducted, the City's debt now exceeds its borrowing capacity by approximately $1,500,000. However, in the several sinking funds there are Government securities approximating $10,500,000 in value. Under a decision of the Supreme Court of Pennsylvania, these bonds are not a proper deduction in arriving at net debt. But if these bonds should be sold or if legislation similar to that in force for other municipalities in Pennsylvania were to be enacted to permit the deduction of this asset, the City would have an unencumbered general borrowing capacity at present of something over $9,000,000.

It should be borne in mind, states the report, that these times of full employment and high wages must not be considered as permanent standards. Decreases in wages and employment will immediately affect the proceeds of the City's wage tax and its ability to collect real estate taxes, with a consequent decline in revenues. Furthermore, it is conceivable that assessed valuations of both real and personal property may be reduced with a consequent diminution of both borrowing capacity and revenues. It is impossible to foretell what the future may bring forth, but the

(Continued on page 75)

Pittsburgh Bond Club Summer Field Day

PITTSBURGH, PA.—The Bond Club of Pittsburgh announces that its annual summer field day will be held on Friday, July 14, at the Sannopin Country Club. Tickets are $2.50 per member, $5.00 for guests. Greens fee for golf will be $2.00.

In the past, the Club reports, expenses of the summer outings have been met through the sale of raffle tickets. This year the officers and directors have decided to eliminate the raffle and make the charge mentioned above to defray part of the expenses, the balance of which will be paid by the Club. The charge covers everything but greens fees and caddy fees.

Dinner will be at 6:30 p.m. and there will be door prizes.

Members of the Entertainment Committee are: Jos. Buffington, Jr., Young & Co., Inc., Chairman; Harry C. Bell, Colonial Trust Co.; Theodore O. Harris, Mellon National Bank; Wilbur E. Johnson, Johnson & Johnson, and James H. Scott, James H. Scott & Co.

Fred Phillis Is With Rakestraw, Betz Co.

PHILADELPHIA, PA.—Frederick C. Phillis has become associated with Rakestraw, Betz & Co., 123 South Broad Street, members of the New York and Philadelphia Stock Exchanges, as manager of the trading department. Mr. Phillis was formerly trading manager for Lewis C. Dick Co.

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NEW YORK BOSTON CHICAGO READING PITTSBURGH PROVIDENCE YORK

Pennsylvania Brevities

(Continued from page 74)

pared to wait out the current era of unfavorable regulation.

Autocar

In anticipation that its post-war business may exceed its pre-war business and in view of the consequent desirability of conserving working capital, the Autocar Co. has notified its stockholders that cash dividends will be eliminated for 1944. Instead it is proposed to pay a stock dividend in a new class of preferred shares.

A special stockholders' meeting has been called for Aug. 15, at which authorization will be sought for the creation of 150,000 shares of $20 par serial preferred stock, of which 50,000 shares would be issued as Series "A" with 5% cumulative dividends. This would be distributed to common stockholders on the basis of one share of preferred for each 10 shares of common, on or about Oct. 1, 1944.

The new preferred will be convertible into common share for share, callable at $22 per share to 1947 and at $20 per share thereafter. It will be entitled to $20 per share in liquidation. The remainder of the authorized issue would be reserved for issuance in the future.

Lukens Steel Co., Coatesville, Penna., manufacturers of carbon steel plate and other types of rolled special metals, is 134 years old this week.

The Philadelphia Stock Exchange has adopted rules under which corporations may enjoy the privileges of membership. Thus far, two Philadelphia firms, Paul & Co. and Sheridan, Bogan & Co., have been admitted. Philadelphia Stock Exchange listings include 456 stock issues most of which are actively traded on the New York Stock Exchange. Local floor brokers are required to match sales on the New York exchange and thus are able to attract a substantial amount of local business.

Scranton-Spring Brook Water Service Co. has received SEC permission to purchase, before the end of the year, all or any part of $600,000 principal amount of its first mortgage "A" 5s, due 1967, and its "B" 5s, due 1961. In 1944 the company purchased $317,000 principal amount. The company told the SEC the present proposal will result in interest savings of $30,000 annually.

An unusual step taken by Philadelphia National Bank, oldest and largest in Pennsylvania, was in writing down the value of the bank buildings from $2,200,000 to $1. Directors also authorized an increase of $7,000,000 in the bank's surplus account, thereby raising it 33% from 21 to 28 million.

Having initiated dividend payments in 1848 and with its record now crowding the century mark, Pennsylvania Railroad stock is the oldest, consecutive dividend-paying common on the New York Stock Exchange. The company is the largest factor in the American railroad industry from the standpoint of gross revenues and net income.

Through a consistent program of re-purchasing its shares, it is expected that by the end of the year Pennroad Corp. will have reduced its outstanding capital to 6 million shares. Since there were originally 9 million shares issued, this would represent the lopping off of one-third. Based on the annual 25 cent dividend paid in recent years, it would appear that the company has realized the equivalent of an 8% return on its purchases.

July 10 has been set for the final hearing in Federal Court in respect to the reorganization plan of Philadelphia & Reading Coal & Iron Co. Since more than the required number of creditors have already approved its terms, early consummation is expected. Holders of the refunding 5s are scheduled to receive, for each $1,000 bond, $165 in cash, $270 in income bonds and 27 shares of new common. Holders of each $1,000 debenture will receive $76 in cash, $125 in income bonds and 12½ shares common.

Felix R. Gerard, Vice-President and General Manager of Lehigh Valley RR., has been elected President to succeed Revelle W. Brown, who resigned to become President of Reading Co.

Thomas Darst & Co. Opens In Greensboro

GREENSBORO, N. C.—Thomas C. Darst, Jr., has formed Thomas Darst and Company with offices in the Southeastern Building. The new firm will act as dealers in North Carolina municipal bonds, public utility, railroad and industrial issues and local corporation stocks and bonds. Partners are Thomas C. Darst, Jr., and M. H. Darst.

Mr. Darst was formerly Secretary and Treasurer of Oscar Burnett and Company.

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Pennsylvania Municipals

(Continued from page 74)

City should profit by past experience and zealously seek to maintain its improved conditions.

Commonwealth of Pennsylvania

Pennsylvania's surplus as of May 31, the end of the first fiscal year under Governor Edward Martin, stood at $126,000,000. Based on actual tax collections in the first half of the current biennium, it is estimated that the surplus will exceed $173,000,000 by May 31, 1945.

Recommendations for the utilization of the unprecedented budgetary surplus will be submitted to the 1945 Legislature by the Governor. It is expected that he will suggest new tax reductions; financing of huge post-war construction programs; liquidation of the State's debt, and an increase in certain departmental appropriations.

Attesting the unslaked thirst of its robust citizenry, the Commonwealth's State Store liquor system yielded unexpected profits of $24,400,000, approximately $11,000,000 greater than the budget estimate, in the first year of the biennium.

In a decision handed down on June 30, the Pennsylvania Supreme Court upheld the constitutionality of the Franchise Tax Act of 1935, thus safeguarding an important source of tax revenue. The Act was drawn to protect Pennsylvania corporations against out-of-State firms entering Pennsylvania and transacting business without paying excise taxes. Last week's decision disposed of appeals filed by the Ford Motor Company and Quaker Oats Co. In the Ford case, the Appellate Court upheld the Dauphin County Court's finding that it was proper to tax the company on the basis of its entire $494,000,000 capital stock, since the company is an integrated whole and its entire capital is employed in the manufacture and sale of its products.

As an indication of the importance of the decision, it was testified that collections on the tax in the last three years amounted to more than $30,000,000.

SEC Opinion On Brazilian Bond Trades

Kidder, Peabody & Co. announced on July 3 that Baldwin B. Bane, Director of the Corporation Finance Division of the Securities and Exchange Commission, had rendered an opinion that when, as and if issued trades in the obligations of the Government of Brazil which had been made in good faith and in reliance upon the original plan of the Government of Brazil that only obligations of the Government should be exchanged for obligations of the Government (which transactions would have been exempt from registration under Section 3 (a) (9) of the Securities Act of 1933) may still be carried out even though the Government of Brazil has now included in the Registration Statement filed with the SEC bonds of the Government of Brazil, Series 1 to 5, to be exchanged for its own obligations as well as its bonds to be exchanged for those originally issued by obligors other than the Government of Brazil. The announcement also says:

"The opinion provides that all when, as and if issued trades in Brazilian Government bonds, series 1 to 5, made in good faith and in reliance upon such original plan of the Government of Brazil, may be completed provided that delivery is accompanied or preceded by a prospectus of the Government of Brazil meeting the requirements of Section 10 of the Securities Act of 1933. The ruling is not limited to the when, as and if issued trades of Kidder, Peabody & Co., but also applies to completing the delivery of when, as and if issued trades in bonds of the Government in the same series of other dealers in the same factual situation.

Interesting Situation

H. R. Baker & Co., Russ Bldg., San Francisco, Calif., have available an interesting report on Langendorf Baking. Copies of this report may be had from the firm upon request.

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Canadian Securities

By BRUCE WILLIAMS

In his recent budget speech the Canadian Finance Minister, Mr. Ilsley, gave statistical evidence of the present strength of the Canadian financial structure in comparison with the situation during World War I.

From 1914 to 1919 the debt increased nearly seven times, and because the average interest rate had risen from 3.579% to 5.022% the annual interest charges increased more than nine times. Furthermore about one-third of the debt was payable outside the country and a substantial portion was in the form of tax-exempt securities.

During the past five years, however, the Dominion funded debt has increased about three times, but owing to a decline in the average rate of interest from 3.52% to 2.57%, the annual charges have only risen 2¼ times. There are no longer any tax-exempt bonds and owing to the growth of the national income, the Dominion's capacity to carry the debt has fully doubled since the beginning of the war. Also only about 3% of the total debt is now payable abroad, and during the period when wartime necessities have sharply inflated the volume of debt, never has less than half been raised by taxation.

Turning to the current international currency conversations at Bretton Woods, it still appears that as far as any practical developments are concerned and particularly as regards any change in the Canadian dollar being given consideration, there is little reason to expect any definite announcement.

Let us hope that thoughts will be channeled along constructive lines in the direction of what should be the real objective of the conference — the reestablishment and fostering of post-war international commerce. This cannot be attained if we continue to mix sentiment and starry-eyed visions of a New Deal for the whole world with the cold practical business realities.

The first necessity is to divorce the business side of the problem from the philanthropic angle. UNRRA can take care of the latter and can do it more ably if the nations, which have had the resources and spirit to make it possible to win the war, build the foundations of the peace-time commercial structure. We revert, therefore, to the "key currency" approach to the solution of this problem.

The British Commonwealth, Russia and ourselves now have in motion a tremendous volume of wartime interchange of goods which represents practically the total of present world commerce. Therefore, the essential framework already exists. The great problem, of course, is the fact that Great Britain, unlike her Dominions, and ourselves, will emerge from this war with a very considerable debt in the shape of blocked sterling.

It would seem desirable to place this on a definite commercial basis and finance it by a direct loan to Britain, thereby releasing these blocked assets and thus stimulating the flow of world trade. As is very likely in the post-war era, Britain will become more closely integrated with her Dominions; the means of repayment will be provided from the great undeveloped resources of the British Empire as a whole.

Thus it would be possible for Britain to maintain sterling at its present level, would avoid the dangers of a "currency war" and then at a later period when necessary tariff agreements are made, currencies such as the Canadian dollar could be adjusted to conform to a value more approximaing its worth based on supply and demand in a market which would permit free convertibility of the world's currencies.

After this stage is reached, the other nations of the world could be invited to join a practical currency union and in the meantime would be able, as they have mostly done before, to effect their international dealings on the basis of the dollar and sterling.

With regard to the securities market during the past week, activity was still on a small scale but the declines of the previous week were replaced by a general steadiness. There was continued absorption of short-term Nationals arising from replacement operations in connection with the called July's of 1969, and among the provincial issues there was also a fair turnover in Ontarios and Manitobas at slightly higher prices. The market for internal issues was quiet and the Canadian dollar in the "free market" remained easier at 9⅞%.

An important factor with regard to the future course of the market will be the termination of the War Loan drive which should result in renewed interest in Canadian issues, especially as it almost coincides with the redemption date of the Canadian National July's and the consequent replacement demand.

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Responsibilities In Post-War Problems

(Continued from first page)

icies which we should like to see brought into being to shape the country's future. One political party is concluding its national convention this week and has put forward its platform of national policy. The other political party will follow shortly and will tell us what it stands for. I want to emphasize that they are telling us—you and me—just plain citizens—and they're asking for our indorsement.

What do we want them to do? What are the national policies which you and I think are needed to keep this country safe and sound?

It is to put some thoughts of mine before you for your critical judgment, that I was glad of the opportunity to come to Duluth.

Now when we start thinking about the future of our country, whether we think of the immediate future or think in the longer range, we begin by speculating about the kind of a country we want to live in and the national policies that are going to be followed. I would like to emphasize, however, that national policies are certainly not politics and they are infinitely more than mere government policy. But they are the concern of all of us. Government does not create them. They are the sum of all of the private and public policies which we as individuals and as groups choose to follow—the sum of all of those private and public policies which support and sustain each other in the national interest. The national policies, therefore, that are going to take us through the critical years ahead of us are not alone going to be the result of things that will be thought out down in Washington. All of us, in and out of government, will be contributing to them. We could not escape it if we tried.

I think it is fairly obvious that before the war there was a good deal of confusion about our national policies, defining that expression as I have defined it. As a people, we did not clearly know where we were going or what we wanted. We were not thinking as a people. Blocs and groups were pulling and hauling in selfish interest. We simply did not have a set of well-hammered-out national policies, and this was the glaring weakness in our economic democracy. It was reflected in our political democracy. Much of our legislation reflected it, because much of our legislation was the product of this selfish pulling and hauling.

That must not be true in the period which lies ahead of us for the simple reason that we can no longer afford it. As a people we have got to know what we want and we have got to know why we want it. We are going to have to do some very clear thinking if we are to avoid the mistake of assembling a collection of expedients and calling it a national policy. In the coming months, decisions will be taken that will determine our destinies. That is no exaggeration, no after - dinner overstatement; it is a simple, obvious fact. We must recognize it for a fact and live up to its implications. The winning of the war is difficult, but we shall see it through. The winning of the peace is equally important and far more difficult.

There will of course be no one single measure which we can adopt that will solve all of our problems. We are going to find that the national policy needed to carry us through this crucial period will be a combination of many measures. It will be evolved from the thinking, the actions and the attitudes of a great many people. I would like to touch briefly on some high spots of the problems we are going to meet as we develop the national policy we need.

As we look ahead, we can divide the visible future into four foreseeable periods.

First, obviously, is the period of our present task—to defeat our enemies. As far as we can see now, this is likely to fall into two phases—the present one and the one that will follow the defeat of Hitler. But until both phases are past our major concern must of course be the simple one of making certain that we win a complete victory in the shortest possible time.

The second period is likely to be the period of substantial termination of war contracts and the beginning of reconversion to peacetime production. We shall have some grave problems to solve, in this period; yet the understanding of these problems exists and the machinery to handle them is now being installed. I believe we can and will get through this transition period without serious difficulty.

Third will come what we might call the catching-up-with-demand period. After industry has been reconverted there will be a tremendous accumulated buying power demanding satisfaction—a vast number of piled-up wants waiting to be filled. It is here, of course, that the dangers of inflation lie. If we handle the transition period wisely—and are ready to meet this stored-up demand without running into the wild spiral of an uncontrolled boom, this inflationary danger can be averted.

Lastly, of course, there is the final period — that of long-term maintenance of our peacetime economic growth and development.

Let me emphasize once more that the national policies which carry us through these periods are not going to be handed down to us from on high. All economic groups in this country have their share of the responsibility. No one of them can dodge it. This thing is going to be up to us—to all of us.

Let us see, then, what some of these group responsibilities are.

Take business first. Business's primary, immediate responsibility, as I think we will all agree, is to prepare plans for reconversion. Business must know what it wants to do and how it proposes to do it. I sometimes think that during this war many business men have actually come to rely on the very wartime controls and restraints that they complain about. It not infrequently happens that when the removal of some limitation order is contemplated the strongest opposition comes from the business men who are affected by it. They have grown into the atmosphere created by that order and they have actually come to depend on it. In looking ahead to reconversion it is certainly up to business to realize that these wartime controls, necessary as they are now, must not be continued for one moment after the national need for them has passed. We have got to get back to a free economy, and our reconversion plans must be shaped in the light of that fact.

A second major responsibility of business is to work constantly for improvement of industrial relations. I happen to be rather optimistic on that point. I believe we have learned something of great value during this war in the way of labor-management cooperation. The record of our labor - management committees — 4,500 of them—operating today in war plants all across the country, is extremely significant. Through these has been set out a pattern for peacetime development. We would be the most short-sighted people in the world if we should ignore that pattern and drift back to that wasteful, inefficient and expensive state which is characterized by those once-common words—bad industrial relations.

A third responsibility for the business world has to do with money. Business must provide for the financing of both small and large business enterprises. There will be a great deal of financing to be done, in this post-war period. Whole new industries are waiting to be developed. New materials are available, new ways of processing them are at hand; it is no exaggeration to say that a golden period lies ahead—and it must not be stifled simply because the business world has not planned to provide the necessary capital. As a matter of fact, of course, it won't be stifled—because if business does not do the necessary financing, government will have to. But can a free, competitive economy rely indefinitely on government financing?

There is also an important responsibility for business in the shaping of private price policies. I mentioned a moment ago the vast demand for goods that is waiting to be satisfied the moment reconversion takes place. It is certain that for a considerable time the demand for a great many things is going to outrun the supply. It is clearly up to business to restrain undue price increases. We can accept government control of prices as a war-time necessity; we certainly must not make a post-war necessity out of it by failure to handle our own price policies intelligently.

But this matter of intelligent pricing goes beyond the period of the post-war boom. I believe that it is up to business consciously to develop and maintain price policies which are designed to broaden markets. A good slogan for post-war America might be—"More goods for more people at lower prices." American business has dazzling opportunities ahead of it—but only if it uses its magnificent productivity to satisfy an ever-widening circle of human needs. It cannot do that unless it keys its prices to the mass market. A policy of restricted production and artificially-maintained prices cannot be anything but a policy of suicide for our free enterprise system.

So much for the responsibilities of business. What about labor?

Organized labor has now had upwards of a decade of growth and

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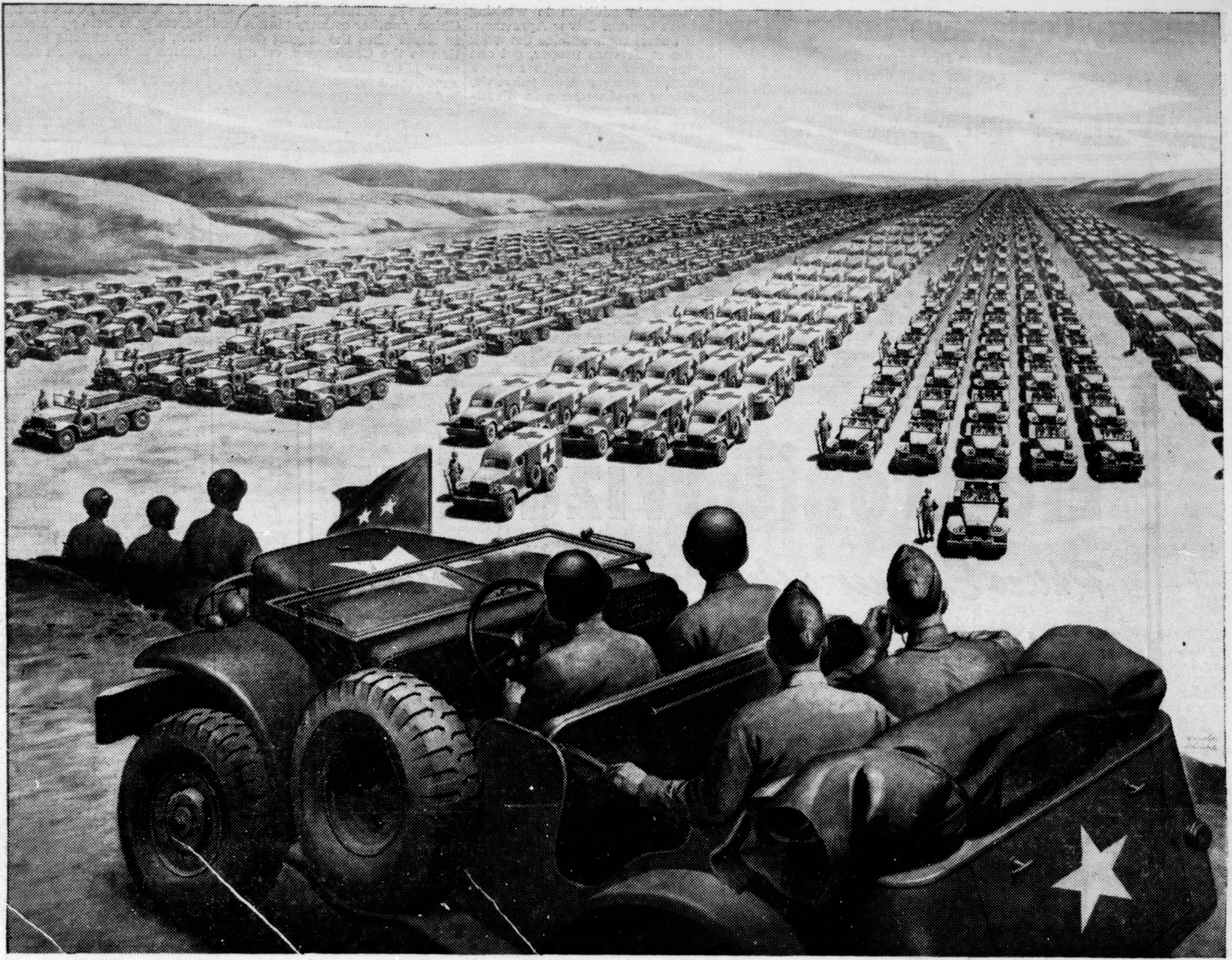
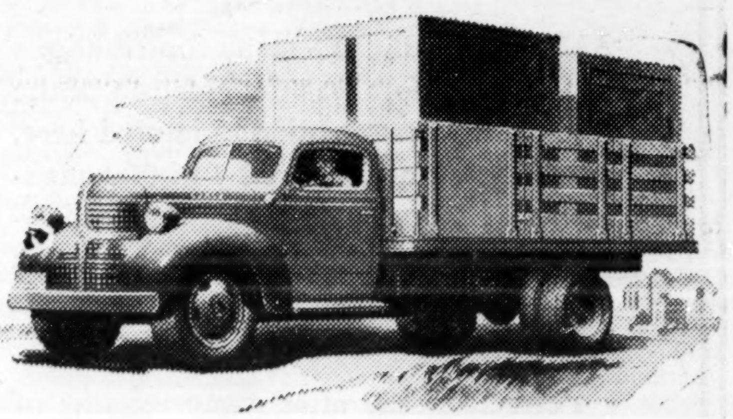


Three Hundred Thousand Strong

*I*T'S HARD to get three hundred thousand Army trucks into any kind of picture. They take up as much room as several million soldiers . . . Of course they are now scattered all over the world behind the battle lines and on the fighting fronts. They range from the husky six-wheeled BIG SHOT down to the smaller weapons carriers and command reconnaissance cars. They include thirty thousand ambulances—official Army vehicles of medical rescue on practically every front . . . We have tried to build these Army trucks to give the officers and men who are doing the *real* fighting the dependable support they deserve. All of these Army trucks are direct descendants of the famous Dodge *Job-Rated* Trucks you see today faithfully hauling milk, foodstuffs, fuel, production materials and other wartime essentials.



We have been authorized to produce 1½ and 2-ton DODGE *Job-Rated* TRUCKS for rationing to purchasers for essential wartime civilian use. See your Dodge dealer.

Chrysler Corporation

PLYMOUTH • DODGE • DE SOTO • CHRYSLER

Remember to dial your CBS station Thursdays, 9 P.M., E.W.T. You'll enjoy Major Bowes and his Amateurs.

JOIN THE ATTACK—BUY MORE WAR BONDS

Monetary Conference Under Way

(Continued from first page)

page in this section of the "Chronicle."

The first disturbing note sounded at the Conference is the demand of the 25 Silver-Bloc Senators for the adoption of bimetallism. There are no signs as yet that the demand has a chance of success. Republicans here are outspokenly opposed to it. The Democrats appear to be annoyed by it, but are silent. One of the Democratic members of Congress who is here holds the view that the subject of silver must have at least some nominal recognition in the final act of the Conference, merely for the purpose of appeasing the silver bloc in Washington. Apart from the fact that the opinion just quoted overlooks the strong anti-silver sentiment in the House of Representatives, as reflected in the thrice supported Celler-Wolcott silver repeal rider of last year, such an attitude involves an insidious danger.

It is hardly likely that the silver interests expect this conference to adopt bimetallism. Under the circumstances, they would probably be quite happy if the Conference merely paid lip service to "doing something for silver." The danger in that, of course, is that the silver bloc habitually blows up at any such nod in the direction of the "white metal." In the 1933 London Conference, for example, Senator Key Pittman, in addition to working out the London Silver Agreement in his hotel room outside the work of the conference proper, got one of the subcommittees to adopt a resolution recommending that the countries most concerned with silver make a pact among themselves. This resolution, along with a vast amount of other material, was received by the London Conference as a whole. Thereafter, Senator Pittman and President Roosevelt cited the "resolution of 66 countries" as partial justification of the silver proclamation issued from the White House on Dec. 21, 1933. This proclamation was a first step in restoring silver as a part of the national monetary reserve.

As regards the delegates of India and Canada, both of which countries should be interested in silver, they appear to be "ice cold" to the bimetallism propaganda. China, another country "interested in silver" has the largest delegation to the Conference, estimated as 40 or more, including two American advisors.

A controversial problem which is bound to cause a serious struggle in the committee discussions and in the plenary sessions of the Conference is the future status of gold. This is indicated in the private interviews which your correspondent has had with foreign delegates as well as in the initial committee discussions. One foreign delegates expressed privately the following views on the status of gold:

"Since gold has been withdrawn from circulation, few people in advanced countries have worried about its existence. Such incongruity calls for a more scientific system. A survey of leading countries indicates gold as a monetary necessity is being abandoned. In fact, certain nations have already ceased to link their currencies to it. Although they may not have declared this practice openly, analysis of their policies shows they have been selling gold to those willing to buy it. When we realize that gold finally becomes more of an upsetting factor than a useful one in countries orthodox by buying it without limit, we see its demonitization looming."

As indicating the uncertainties of the status of gold in the "experts" plan of stabilization, committee discussions yesterday disclosed a variety of interpretations. It has been questioned whether member countries will be required to buy gold when offered by the fund. A delegate from India maintained that the provisions of "the Experts' Plan," whereby the Fund "may offer gold to a member country in exchange for its own currency" is meaningless, unless such member is obligated to buy the gold. But it is reported that the British representatives interpret the gold buying from the fund as optional and not compulsory, and so you have a serious conflict of views regarding an important stabilization provision in the master plan.

Yet, despite these differences, foreign delegations have not exhibited any overall opposition to the general principles of the "International Monetary Fund" or to the plan for an international loan bank. Representatives of various countries privately point our they have nothing to lose if the establishment of these institutions is accomplished. Indeed, several delegates from smaller countries wonder why they were invited to attend at all, since they feel technically or otherwise they have little or nothing to contribute. This is undoubtedly true of such minor countries as Luxemburg, Iraq, Iran, Liberia, and Iceland.

Judging from my interviews with delegates, it would seem that the belief is general that this conference will produce an agreement. Discussion will center around the multitudinous alternative clauses. In my opinion the chief points still to be determined are formulas for quota contributions and initial exchange rates for the different currencies. It is taken for granted that much reliance will be placed on provisions for flexibility in international exchange rates.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request.

Du Mont Laboratories "A"; Merchants Distilling; Crowell-Collier Publishing; P. R. Mallory; General Instrument: Long Bell Lumber Co.; Great American Industries; Mid-Continent Airlines; Massachusetts Power & Light $2 preferred; Majestie Radio; Magnavox Corp.; Electrolux; Purolator; Brockway Motors; Mohawk Rubber, and American Export Airlines.

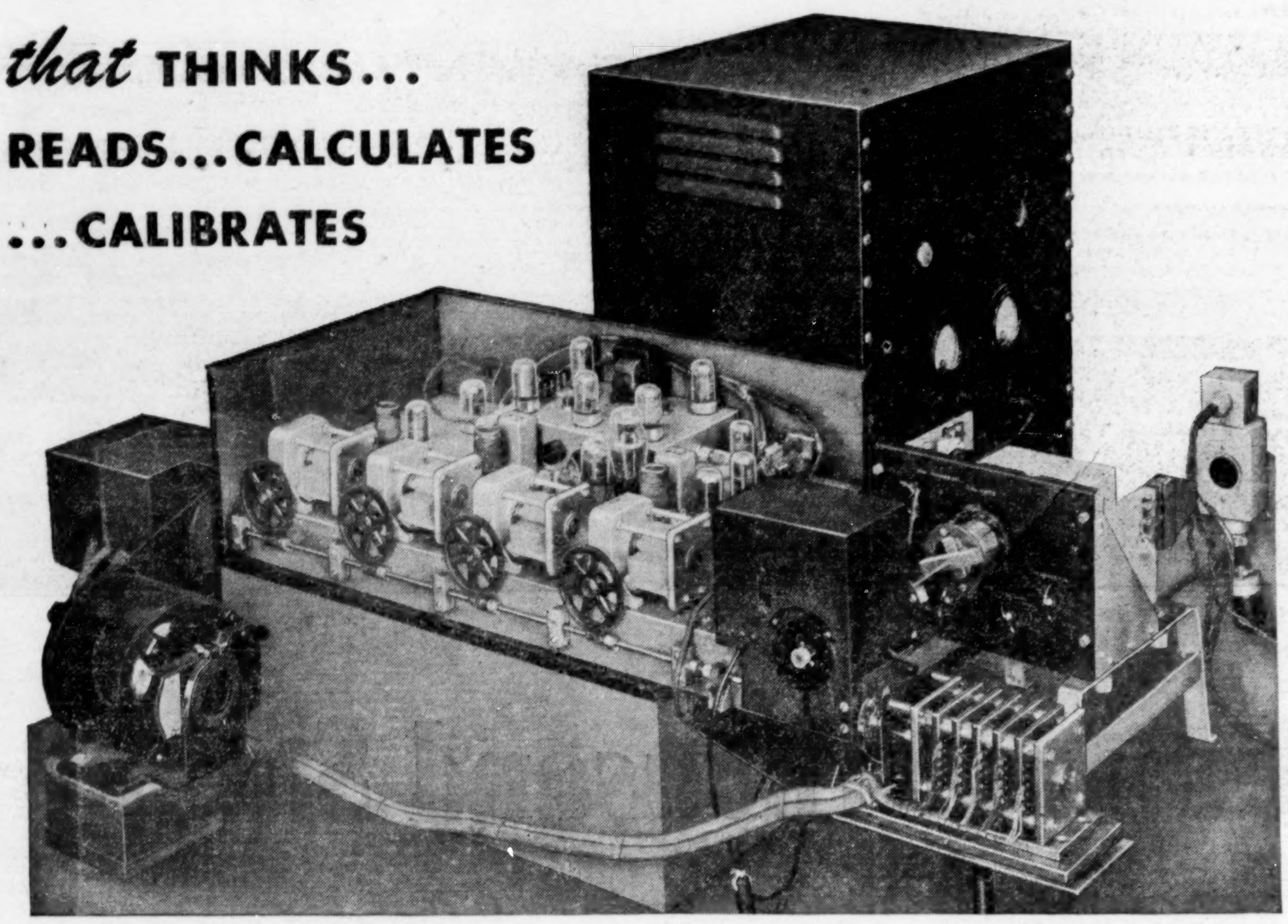
Wyandt Appointed Lt. (jg) In U. S. Naval Reserve

CHICAGO, ILL. — Owen H. Wyandt, Vice-President and Secretary of Scott and Wyandt, Inc., 135 South La Salle Street, investment bankers, has been appointed a lieutenant (j. g.) in the U. S. Naval Reserve, and will report to Camp MacDonough, Plattsburg, New York, for his 60-day indoctrination training. Wyandt is taking a leave of absence from the firm. Business will be directed by M. W. Scott, President and Treasurer.

Electronic Wizardry

Philco Engineers Create a "Master Mind"

that THINKS...
READS...CALCULATES
...CALIBRATES

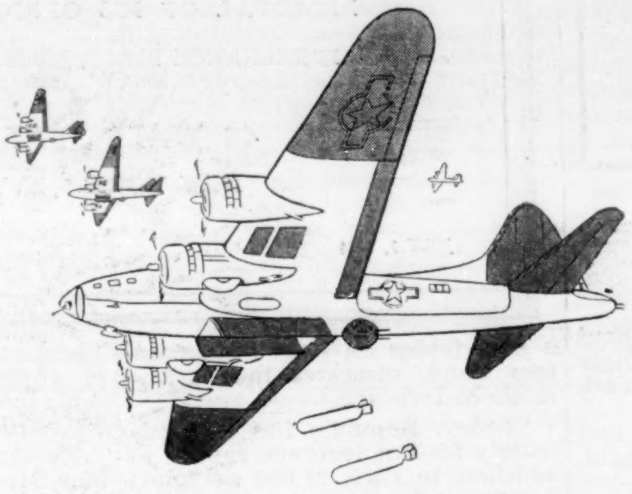


AMONG PHILCO'S many contributions to the war effort was the creation of the electronic "master mind" pictured here. Last year alone, it saved 144,000 man-hours of labor and, with other economies, reduced the cost of one type of radio equipment to the Government by $1,170,000.

Perfected only after many months of exhaustive research and development by Philco engineering ingenuity, this device replaced a tedious and intricate hand calibrating operation, which was slow and subject to human error. Employing 126 tubes, the Philco *"Master Mind"* can "think," calibrate, calculate, and record dial readings many times faster than any human being—at a great saving of time and without danger of error.

Another example of Philco research and engineering "know-how" which, while fulfilling emergency war needs, promises important peacetime applications in industry after Victory!

PHILCO
CORPORATION



BRIGGS REPORTS

on

One Billion Dollars in War Orders

—and how the money is being spent

During peacetime, Briggs Manufacturing Company is the Nation's largest independent automobile body manufacturer. In the war Briggs is devoting its peacetime skill to making bodies and parts for medium tanks and aircraft; also, bomber turrets, droppable gas tanks and non-ferrous castings.

Briggs war orders total approximately $1,000,000,000. This money has been spent or is being spent as indicated in the box shown herewith. Percentages are based on distribution of Briggs 1943 sales dollar.

In 1943 Briggs did twice as large a dollar volume of business as it did in an average peacetime year. In 1943 Briggs delivered double the number of tank hulls delivered in 1942. In the same year Briggs delivered to the U. S. Army and Navy more than 22,500,000 pounds of airplane sections, as compared with 7,000,000 the year before. This included almost twice as many bomber fire-power turrets as in the previous year. Total shipments to date of airplane sections by Briggs exceed 45,000,000 pounds.

53.6%	to about 40,000 employees for wages and salaries.
0.2%	for executive salaries.
32.1%	to some 2,000 subcontractors for materials, supplies and assemblies.
1.9%	to stockholders for dividends.
9.2%	for taxes.
1.2%	for depreciation.
1.2%	for reconversion expenses and other costs arising from the war.
0.6%	left in the business.

Earnings by Briggs hourly paid employees in 1943 averaged $3,159.00. On December 31, 1943 there were 39,312 people on the Briggs payroll, of which 21,737 were men and 17,575 women. This is 48% greater than on December 31, 1942 when Briggs payroll was 26,401 people.

In the first five months of 1944, shipments of airframe sections, by Briggs, were at considerably greater monthly rates than during any other months since the war began. Production of tank hulls was almost equal to the 1943 rate. Deliveries of auxiliary gas tanks, for the first five months of this year, were 7 times the total for 1943, and shipments of aircraft fire-power turrets were at a rate almost twice that of last year.

Unless very extraordinary developments take place, Briggs 1944 war business should be equal to, or exceed, its record 1943 year.

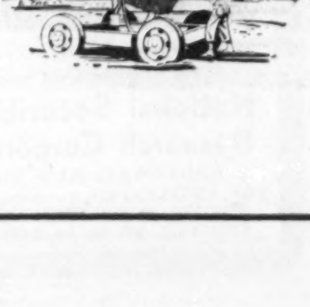
During the war, Briggs has shown that experience in manufacturing good automobile bodies, plumbing ware and non-ferrous castings has enabled it to turn out good "bodies for bombers, fighters, tanks" and other war requirements. Briggs is glad that it has been able to play an important part in the Nation's war effort. All of its facilities and energies will continue to be available to the Armed Forces until Victory has been won.

However, when Victory does come, Briggs is prepared to go about the job of reconversion with the same dispatch and intensity that it applied to the preparation for war, and, if it is allowed to do so, can go back into at least some peacetime production quickly.

W. O. Briggs
Chairman of the Board

W. P. Brown
President

**BRIGGS
MANUFACTURING
COMPANY
DETROIT**



THE LORD-ABBETT GROUP
OF INVESTING COMPANIES

American Business Shares, Inc.

Prospectus upon request

LORD, ABBETT & CO.
INCORPORATED
NEW YORK • CHICAGO • JERSEY CITY • LOS ANGELES

HUGH W. LONG AND COMPANY
INCORPORATED

ANNOUNCES THE
REMOVAL OF ITS OFFICES FROM
15 EXCHANGE PLACE, JERSEY CITY TO

48 WALL STREET
NEW YORK 5, N. Y.

JULY 1, 1944 HANOVER 2-0252

Mutual Funds

"Threat Of Obsolescence"

A fundamental reason for the need of professional investment management—such as is provided by mutual funds—is strikingly emphasized in the July 1 issue of **Hugh W. Long & Co.'s New York Letter.** We quote:

"For the premise that post-war life will be vastly speeded and expedited by all manner of new appliances there is much to be said, but there is a darker side to the picture which the rose-colored glasses of the pollyannalysts do not see.

"For every new product which gains wide consumer acceptance with the American public, the item it replaces will sink into oblivion. For each manufacturing firm which hits the jackpot of public acclaim with some super-modern device, and which accordingly benefits from increased earnings, its unsuccessful rival will see earnings shrink and stockholders denied the income to which they have been accustomed."

The discussion continues with "some straws in the wind" to indicate investment opportunities of the future and also some "shadows of the past" to underscore the threat of obsolescence in terms of security values.

The bulletin concludes: "The professional manager is not inhibited by sentiment. He judges current values, regardless of the price paid for a security. He has no attachment for a stock or bond because it was an inheritance, or because it was purchased at a higher price and he hopes that 'some day it will go back there.' He is at all times an unimaginative realist, arriving at his conclusions through reasoned steps and coldly unafraid of the actions those conclusions may dictate.

"It is this type of professional management, with its desentimentalized approach, that is available to investors through the shares of well-supervised investment companies."

RAILROAD SHARES

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED
63 WALL STREET—NEW YORK

Hugh W. Long & Co. has announced the moving of its entire home office organization together with the offices of **New York Stocks, Inc., Manhattan Bond Fund, Inc.,** and **Manhattan Foundation, Inc.,** from their previous address in Jersey City to the Bank of New York Building at 48 Wall Street, New York City. The Long Company has extended a sincere invitation to its friends to drop in at the new office at their first opportunity.

* * *

The net growth in working capital of American corporations since the war began is discussed in the current issue of **Brevits.** According to figures compiled by the Securities and Exchange Commission, net working capital of all American corporations (exclusive of banks and insurance companies) stood at the highest level in history at the end of 1943.

In the period from the end of 1939 to the end of 1943 net working capital increased about 70%, or from $24.6 billions to over $41.6 billions. This 70% increase has placed American industry as a whole in a position to "reconvert to peace-time production and also to undertake considerable expansion without recourse to outside sources of funds."

* * *

W. R. Bull Management Co., in a new folder on **Republic Investors Fund,** discusses the "arithmetic of leverage."

"Today, Republic has approximately $500 of leverage capital in addition to each $1,000 of funds belonging to common shareholders, all of which is being invested and reinvested in seasoned market securities. Therefore, the common shareholder has $1,500 working for each $1,000 common shares which he owns.

"If the Fund's investments increase 25% the appreciation on the $1,500 is $375. But as the common shareholder is entitled to all of this appreciation, it amounts to 37½% on his $1,000 investment. His increase, therefore, is 1½ times what it would have been without leverage."

* * *

Distributors Group, in the current issue of **Railroad News,** presents estimates of post-war railroad earnings. The estimates are averaged for the common stocks of 10 leading railroad systems and are based on two different levels of post-war national income. The average earnings of this group of stocks in a post-war year is estimated at $12.56 per share and $16.51 per share, based on national income of $120 billion and $134 billion, respectively.

For purposes of comparison, the actual earnings of this same group of stocks for 1929, 1932, 1937 and 1943 are shown in chart form together with the average market price of the group for these periods.

On the basis of these estimated post-war earnings and the present price level for railroad common stocks, these issues would appear to afford excellent opportunities for capital appreciation.

"Reconversion Gaining Momentum" is the subject under discussion in the current issue of **Investment Timing.** The series of 10 articles on "Scientific Developments from the Investor's Viewpoint," which appeared recently in this publication, has been reprinted in book form by **National Securities & Research Corp.,** which announces that "a copy will be sent to all subscribers, and an additional copy will be available at $1.00."

* * *

Keystone Corp. reports a big increase in the assets of the 10 **Keystone Funds.** As of June 19, 1944, the combined assets of these 10 funds reached a new high total of approximately $85,975.000, as compared with approximately $60,000,000 a year earlier.

Keystone Fund Series S-2 on May 31, 1944, had total net assets of $9,943,266, compared with $5,682,474 on November 30, 1943.

* * *

Mutual Fund Literature

Keystone Corp.—The current issue of **Keynotes.** . . . **Selected American Shares**—A current issue of "These Things Seemed Important." . . . **Hare's, Ltd.**—A new folder on Stock & Bond Group Shares with accompanying letter and mailing card.

Dividends

Keystone Custodian Fund "B-3"—A regular dividend of 60 cents per share and an additional payment of $2.00 per share out of realized profits for the fiscal year ending July 31, 1944, payable July 15 to holders of record June 30.

Keystone Custodian Fund "S-4"—A regular dividend of 10 cents per share, plus an additional payment of 15 cents per share out of realized profits on the fiscal period ending July 31, 1944, payable July 15, 1944, to shareholders of record June 30.

Manhattan Bond Fund — Ordinary distribution No. 24, amounting to 10 cents per share and an extraordinary distribution amounting to 10 cents, payable July 15, 1944, to stock of record as of July 5.

Bright Possibilities

Giant Portland Cement is a low-priced stock in an industry with a bright future and offers interesting possibilities, according to a circular prepared by Lerner & Co., 10 Post Office Square, Boston, Mass. Copies of this circular may be had from Lerner & Co. upon request and also a circular on Riverside Cement class A which the firm believes is an outstanding cement stock with a dividend arrearage.

Attractive Situation

H. H. Robertson Company offers an attractive situation (the issue is tax free in Pennsylvania), according to an interesting memorandum being distributed by Buckley Brothers, 1529 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this memorandum may be had upon request from Buckley Brothers.

COMMONWEALTH
INVESTMENT
COMPANY

A Mutual Investment Fund

★

Prospectus on Request

★

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NORTH AMERICAN SECURITIES CO.
2500 Russ Building • San Francisco 4

INCORPORATED
INVESTORS

Prospectus may be obtained
from authorized dealers, or
The PARKER CORPORATION
ONE COURT ST., BOSTON

Management Associates, Boston, Mass

NATIONAL
SECURITIES SERIES

Prospectuses upon request

National Securities &
Research Corporation
120 BROADWAY, NEW YORK, (5)
LOS ANGELES, 634 S. Spring St., (14)
BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

Send for Prospectus

Republic
Investors Fund, Inc.
Distributing Agent
W. R. BULL MANAGEMENT CO. Inc.
40 Exchange Place, New York

Manhattan Bond Fund, Inc.

The Board of Directors of Manhattan Bond Fund, Inc. has declared Ordinary Distribution No. 24 of 10 cents per share and Extraordinary Distribution of 10 cents per share payable July 15, 1944 to holders of record as of the close of business July 5, 1944.

HUGH W. LONG and COMPANY
Incorporated
National Distributors
48 Wall Street, New York 5, N. Y.

Hale To Be Official Of American Trust

William M. Hale

SAN FRANCISCO, CALIF.—William M. Hale, Vice-President of the Federal Reserve Bank of San Francisco, is resigning on August 1 to become Executive Vice-President of American Trust Company, 464 California Street. This 600 million dollar bank, which this year celebrated the 90th anniversary of its establishment in San Francisco, has numerous banking offices serving the San Francisco Bay area and continguous parts of Northern California.

Savers Plan Wise Post-War Spending

Evidently the public will not use its war-time savings in wild spending when peace comes, if a digest of the letters being received in the 125th Birthday Contest conducted by The Bank for Savings is typical of the country. The contest, which opened March 27 and closed Monday, July 3, required of entrants, letters on one of two subjects: "Why I Opened My Savings Account," or "What My Savings Account Has Done for Me." In its announcement of July 3 the bank says:

"Letters on the first subject indicate that people are saving during the present period for future basic needs—to own a home, acquire a business, tide over possible unemployment, educate children, and meet unexpected emergencies. Many say they are making more money than ever before and welcome the opportunity to save.

"In the group writing on 'What My Savings Account Has Done for Me,' the future pattern of spending is indicated by what the individuals have done in the past. Almost without exception, savings have been used for a definite essential need, with no tendency to squander on luxuries.

"All of the evidence in the contest contradicts the theories of those who see in the tremendous recent gains in savings bank deposits a threat of uncontrolled post-war spending, with resultant inflation.

"Since the total prizes offered by The Bank for Savings—$12,500 in War Bonds and Stamps (maturity value) — are sufficiently generous to attract people in all brackets, these contest letters may well be considered a key to what the public plans to do with its war-time savings."

The Bank for Savings opened for business on July 3, 1819, as New York's first savings bank. Among its founders were Governor De Witt Clinton, Thomas Eddy, John Murray, Jr., for whose family Murray Hill is named, and Archibald Gracie of the famed Gracie Mansion, now the official home of the Mayor of New York. Today, with assets over $215,000,000, the bank is one of the largest savings banks in the United States. DeCoursey Fales is President and George Emlen Roosevelt is Chairman of its Executive Committee. Other officers of the Board include Lewis Spencer Morris, Ernest Iselin and W. H. Taft.

A reference to the contest appeared in our issue of April 13, page 1537.

OUR REPORTER'S REPORT

The latest revision of the list of securities which the New York State Banking Department considers legal for investment of savings bank funds is interesting in several respects, but particularly as it bears on the status of railroad securities.

Over a period of years, and particularly through the early part of the depression of the '30's, when a number of carriers took advantage of the revised Federal bankruptcy laws, the deletions from the legal list were wide and extensive and based on inability of roads involved to service such debts or provide for them at maturity.

The latest revision of the list, it develops, finds a total of 16 railroad issues, with a par value of $109,228,399 removed from the category of legals. But in no instance on this occasion was insolvency, or inability to service the loans a factor.

Quite on the contrary, all such removals evolved directly from ability of the issuers to take care of such issues, either at maturity or by call for redemption. Meanwhile, it develops, a total of 18 new issues were added, these having a par value of $87,315,500.

Here again is a concrete indication of the disposition of the railroads to take advantage of their war-accrued prosperity to reduce their outstanding debts. Although the number of additions exceeded the number of issues dropped, the par value of the new issues was less by almost $22,000,000, suggesting that amount of shrinkage.

In fact there has been an overall reduction of about $150,000,000 in the total of rail issues on the list, since the 1943 revision, due to substantial cuts in debts of several roads.

Louisville & Nashville

Another potential railroad refunding of substantial proportions moved into the realm of early prospects coincident with reports that the Louisville & Nashville is considering plans for refinancing of about $54,000,000 of its first and refunding mortgage bonds.

This, it is said, would involve three series of the loan which the road would seek to replace through the issuance and sale of somewhere near the same amount of new 3¾s under the same mortgage.

The outstanding bonds consist of $14,000,000 of series B 5s, $31,000,000 of series C 4½s and $8,900,000 series D 4s, all due to mature in 2003 but subject to redemption at 105. A fourth series under this mortgage carries a 3¾% coupon and sells around 102¾. By providing a sinking fund for the new bonds, it is believed the road could obtain a small premium on their sale.

Budd Manufacturing

The E. G. Budd Manufacturing Co. is reported to be giving some thought to possible refinancing of its outstanding 5-year notes with the aim of securing more favorable conditions from the lenders. Whether this may take the operation into the open market is not yet indicated.

The company obtained the loan of $11,900,000 early in 1943 from a group of banks and insurance companies and the Reconstruction Finance Corp. In the interval, $1,500,000 matured and was paid off.

The balance is due in March, 1948, but the present provisions set up a sinking fund requiring payments of $1,500,000 annually beginning this year. Moreover, there is a contingent earnings clause which provides a certain percentage of earnings be earmarked against the principal.

Getting It Done

Investment quarters are disposed to look for a real expansion in corporate and municipal refinancings in advance of the next war loan which the Treasury probably will undertake in the late fall.

Reports filtering through carry the suggestion that many of these issuers who have been inclined to put off such operations are gradually coming around to the conclusion that the prevailing conditions probably are as satisfactory for their business as the future will produce.

The point is made that interest rates cannot conceivably be expected to taper off in any important degree from current levels what with best type corporates selling on a 2.60 to 2.75% basis. And there is always the thought that one cannot tell what the distant future may bring.

J. W. Thompson Co. Is Making Textile Movies At Request Of WPB

The J. Walter Thompson Co. motion picture department is currently producing seven films for the cotton textile and tire cord manufacturing industries, featuring such prominent personalities as Donald M. Nelson, Chairman of War Production Board; Hon. James F. Byrnes, Director of War Mobilization; Vice-Admiral S. M. Robinson, Chief of the Office of Procurement and Material and Lieut.-General Brehon Somervell, Commanding General of Army Service Forces.

Produced at the request of the War Production Board and with its approval the films will be released early next month. They are to be shown in areas where 1,500 cotton textile mills and 42 tire cord mills are located.

The purpose of the films is fourfold: to show people in communities where tire cord is made, where cotton and rayon is manufactured for tires, the direct importance of this work to the war effort; to help overcome absenteeism; to assist in new employment wherever possible, and to show the necessity for increased production.

Four of the films are being made for the cotton textile industry under the direction of the Cotton Textile Institute, whose President is Dr. C. T. Murchison. The other three films are being made for the Tire Cord Manufacturers Publicity Committee.

John P. Doehling With Gordon Graves & Co.

John P. Doehling, specialist in New York State municipals, is now the manager of the municipal bond department of Gordon Graves and Company, 30 Broadway, New York City, specializing in institutional investments.

Mr. Doehling was formerly in the municipal trading department of Ira Haupt & Co. and Campbell, Phelps & Co., Inc.

LIBERATION

It is our obligation to back the Liberation forces by investing in War Bonds to the extent of our ability.

INTERNATIONAL BUSINESS MACHINES CORPORATION

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BANK and INSURANCE STOCKS

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HARTFORD, Enterprise 6011 PORTLAND, Enterprise 7008
PROVIDENCE, Enterprise 7008

Bank and Insurance Stocks

This Week—Insurance Stocks

By E. A. VAN DEUSEN

The publication this past week of the 1944 volume of "Best's Insurance Reports," Fire and Marine edition, enables this column to present figures which illustrate the importance to the parent companies of the earnings of wholly and partially owned subsidiaries. Although quite a number of prominent old line fire insurance companies own no subsidiaries, such as Franklin, Hanover, North River, U. S. Fire, etc., on the other hand a large number do, and figures on seventeen are presented in the accompanying tabulation.

COMPARISON OF PARENT AND CONSOLIDATED EARNINGS

	—1942— Net Operating Earnings Per Share		—1943— Net Operating Earnings Per Share			Earning Yield	
	Parent	Consolidated	Parent	Consolidated	Current Market	Parent	Consolidated
Aetna	$1.43	$3.12	$2.59	$3.94	$52¼	5.0%	7.5%
Agricultural	3.00	1.82	5.29	6.21	75	7.1	8.3
Boston	10.88	7.22	38.82	43.32	590	6.6	7.3
Continental	2.49	2.92	3.26	3.76	45½	7.2	8.3
Fidelity-Phenix	2.48	3.04	3.77	4.45	49	7.7	9.1
Fire Association	2.33	2.20	3.86	3.97	64½	6.0	6.2
Great American	1.07	1.99	1.57	2.19	30¼	5.2	7.2
Hartford Fire	4.06	8.18	5.65	8.34	99½	5.7	8.4
Home	0.85	0.94	2.30	2.24	30	7.7	7.5
Ins. Co. of N. A.	3.66	5.80	6.19	8.42	85¾	7.2	9.8
National Fire	2.88	3.66	3.77	4.71	60½	6.2	7.8
New Hampshire	2.32	2.63	2.02	2.29	46¼	4.4	5.0
Phoenix	3.41	3.81	3.97	4.82	81½	4.9	5.9
Providence Washington	1.09	1.28	2.87	3.04	35⅞	8.0	8.5
St. Paul F. & M.	16.52	26.04	19.26	26.67	69¼	*5.6	*7.7
Security	1.81	2.73	1.90	2.31	35⅝	5.3	6.5
Springfield F. & M.	8.37	9.27	4.52	4.67	117	3.9	4.0
Average						6.1%	7.4%

*Adjusted for change in par value in 1944.

The figures given compare not only consolidated net income with parent company net income, but also 1943 results with 1942 results. It will be recollected that in 1942 heavy marine losses were sustained and that consequently those companies which wrote this class of business in any appreciable volume reported net operating earnings substantially below normal. As a consequence their 1943 net profits show an unusual increase over 1942, extreme examples being: Agricultural, Boston, Fire Association, and Providence Washington.

It will be observed that subsidiary earnings contribute to parent company earnings in varying degrees. In some cases they reduce parent company net, as for instance with Agricultural, Boston and Fire Association in 1942, due to heavy marine losses by one or more of the subsidiaries. Also, in 1943, Home's consolidated net was lower than parent net by 3%. In 1942 consolidated net income averaged 31% greater than parent net for the 17 companies, and in 1943, 21% greater.

The companies whose 1943 net was increased through subsidiary income *better than the average of 21%* were: Aetna (52%), Great American (39%), Hartford Fire (48%), Ins. Co. of North America (36%), National Fire (25%), St. Paul F. & M. (38%) and Security of New Haven (22%). These companies, except National Fire, also showed *better than average in* 1942.

As this column has pointed out before, it is far more important to examine "earning yield" instead of "dividend yield," for the obvious reason that dividends depend on earnings. Generally speaking, the wise investor buys earnings instead of dividends. It is elementary that an investor is better off, other factors being equal, if he buys a stock with a 4% dividend earned twice than one with a 5% dividend earned one and a half times.

Our circular

THE CASE FOR NEW YORK BANK STOCKS

gives our reasons for favoring this group.

Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

The last two columns in the table give the earning yield at current market prices of each stock, on a parent basis and a consolidated basis, considering 1943 operations. The average earning yield for the 17 stocks in the first case is 6.1% and in the second case 7.4%.

The difference between individual stocks is very striking, ranging, on a consolidated basis, between a high of 9.8% for Ins. Co. of North America to a low of 4.0% for Springfield Fire & Marine, and on a parent basis from 8.0% for Providence - Washington to 3.9% for Springfield. However, these percentages *of themselves* should not be taken as necessarily conclusive, for in the selection of insurance stocks for investment other factors, which are seldom if ever equal, must also be taken into account. They are, though, sufficiently significant to justify studied consideration.

CGO Tractions Interesting

The current situation in Chicago North Shore & Milwaukee Railroad Co. offers interesting possibilities according to a memorandum issued by Brailsford & Co., members of the New York Stock Exchange, 208 South La Salle Street, Chicago, Ill. Copies of this memorandum are available to dealers on request.

Pyramiding Inflation

(Continued from page 66)

tions of over-employment. On the contrary, if union labor seeks a wartime freeze of real wages, **percentagewise,**[1] the result can only be to increase the disparity (the "gross inequity") which prewar policies and lack of competitive opportunities in employment, had created as between wage rates, often within the same industry. With war, collective bargaining loses its function in dealing with the results of under-employment and becomes a square peg in a round hole as soon as the individual can act for himself and migrate to a better income—an income which is his "opportunity cost" in living standards. To stop such migration without allowing increases in low-wage areas and consequent increases in the cost of living, is a procedure that can only be described by one ugly word, slavery. It seems obvious, therefore, that advances in the cost of living cannot be compensated so as to maintain the same differential position for the upper wage brackets, without pyramiding inflation and the cost of war.

II. Congressional Action

This inevitable leveling process in incomes makes general stability in the price structure—a "freeze" of pre-war relations—elementally impossible. With this realization prevailing, the Gore-Baruch bill to establish a "freeze" policy had been rejected by Congress and a "selective" control was adopted. Moreover, when the law was amended (by the Stabilization Act of October, 1942), authority and even directions to increase prices to care for increased costs were plainly inserted in the law, and nothing in the Act warranted the policy later developed of splitting off the authority to raise prices and hedging that authority about with a hierarchy of directives and directors under the hold-the-line Executive Order (No. 9328, April 8, 1943), which in effect repealed the actually enacted policy of Congress in so far as OPA action is concerned. Could anything but confusion and red tape yardage result from such splitting of responsibility for waiving-the-line in price levels?[2]

The result of all this machiavellian scheming to "control" wages by controlling the cost of living, has been a policy of squeezing profits so as to allow wage increases while minimizing price increases. In the field of cost-of-living items, subsidy is the policy, and this has been a large factor in raising real factory wages by well over 7% during 1943. From the "base" level of January, 1941, (when factory wages had already advanced from a $100 prewar monthly average to over $175) this advance brought to 16.1% the total rise as of January, 1944.

Congress did its best to prevent the development of an American dictatorship of the proletariat by enacting a prohibition of subsidies on the one hand and of political contributions by labor unions on the other. Both were promptly nullified by the executive, the former at first by ignoring and later by vetoing congressional action, the latter by way of a ruling from one of the socialites who adorn the New Deal, the Attorney General. The result is a Congressional panic evidenced by collapse of opposition to subsidies as the CIO Political Action Fund gets into its stride, starting in southern primaries, to support this subtle ruse (subsidies) for raising real wages (16.1% since January, 1941), without adding anything to cash incomes that would be absorbed by the withholding tax.

III. OPA Action

When the price of the raw material of labor, that is, the cost of living, is increased, then, says OPA, there must ensue an inevitable inflationary spiral. In short, without legislative authority for such a policy, factory labor is given a peculiarly privileged position. Though directly involved in the high cost of war materiel, organized labor is slated for wage increases, not merely to cover dollar for dollar actual living expenses, but to match in percentage, and without regard to the worker's earnings position, the percentage increase in the cost of living. Not low incomes, but incomes already more than ample must be most rapidly pyramided by this cost-plus wage-contract policy, which leaves unorganized labor either with no recourse or with a percent change for low wages that does not cover rising costs.

With the pyramiding demands of union labor leaders sanctioned by such a policy, no one could deny the statement of the Deputy Administrator for Price, Mr. James Brownlee, before the House Committee, that "costs can chase prices, and you may be sure they will. If the cost of living increases steadily there can be no effective wage control." Percentage wage increases cannot fail to pyramid the cost of war by necessitating the notoriously inflationary cost-plus system of war contracts; and of course, "saving" by subsidy can thus become astronomical when estimated from factory wages on this percentage basis, because subsidy is the only form in which the cost of living can be increased and compensated, not by pyramiding, but exactly in the sum of the increase. Yet this policy of multiple or percentage appeasement has been administratively, not legislatively or "inevitably," determined. Multiplying the cost of war can be stopped by abandoning such a policy and raising wages just 5 cents a day when that is the sum of increase in living costs.

By contrast with this labor policy, when the price of the raw material of manufacture is increased, no such appeasing paternalism is in evidence. Indeed, OPA's Emergency Court of Appeals has ruled that "it does not follow that corresponding increases must be made at all other levels. . . . It is the duty of the Administrator . . . to require them (advancing costs) to be absorbed." In short, with increased costs, OPA must allow for a spiralling compensation of labor, but it may not similarly compensate any of the incomes that are affected by its own controls in price fixing. There is thus no admission that, if the cost of production increases steadily, as it has done, there can be no effective price control.

IV. "The Essential Role of Subsidies"—in Politics

Indeed, in the new edition of the OPA pamphlet propagandizing the nation in favor of food subsidies ("The Essential Role of Subsidies" is the title), there is broadcast an insinuated inference that no inflationary increase in costs has been permitted. The cost of living is said to have been held between September, 1942, and April, 1944, to little more than 5% rise (food costs to not much over 10%), the inference being that the only costs that have been permitted to rise are those which are purely wartime dislocations which "are bound to increase, regardless of our ability to stabilize raw material prices and wage rates." Candor would have cited, not ability, but inability to stabilize material and wage costs, for they have increased 17% and 24%, during 1942-1943 (two years).

Contrary to OPA's misrepresentation of critics (as set forth in this propaganda pamphlet employing the "straw-man" technique in answering (?) arguments opposed to subsidies), no one has seriously argued, except OPA itself, that prices should rise merely because "consumers can afford higher prices." Outside of the politically involved field of cost-of-living items, which have been arbitrarily removed from OPA controls and put in the hands of the Director of Economic Stabilization (see the Directive of Nov. 16, 1943, which set the stage for **raising** prices on cost-of-living items, and was immediately applied to textiles and apparel to get production of needed items), OPA has officially established the principle of encouraging production by raising prices above the "generally fair and equitable" level required by the law as it has been interpreted, whenever consumers can afford (officially denoted as "readily absorb") higher prices. This policy was definitely expressed in an order, issued on April 13, 1944, modifying MPR No. 188, to raise prices on a large list of items which, allegedly, do not affect the cost of living.

Obviously, this is done to avoid the occasion for subsidizing the production of every civilian product that is needed, out of the Treasury; and that is precisely what the critics of subsidy have said, to wit, that prices should advance with costs rather than pay subsidies when purchasing power is already excessive. Higher prices are less inflationary than subsidies, for they close the gap in purchasing power while subsidies inflate it further and build up excessive cash balances that are unspendable and accumulate out of reach of taxation. Rising profits, farm incomes, or wages, involve rising tax revenues, which cannot be said of subsidies as employed simply to keep producers out of the red. This neglect of the serious dilemma involved in accumulation of savings through subsidies and price controls is admitted in the case of copper subsidies but not in the case of the "further increases of profits, farm incomes, and wages" due to rising prices. A footnote remarks that "a portion of these additional costs" (corresponding to the so-called saving by copper subsidies,

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[1] See Sec. III of this article.

[2] During preparation of this article it has developed that British policy has shifted, not away from all price control, but so that the official cost-of-living index will be allowed to rise during the coming year to a third above the prewar level.

Royal Bank of Scotland
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£115,681,681

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar

Subscribed Capital____£4,000,000
Paid-Up Capital______£2,000,000
Reserve Fund________£2,200,000

The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

estimates of which have been reduced in this revised edition from 2,800% to 1,900% before taxes) "would have been offset by increased yield of excess profits taxation consequent upon the higher profits of low-cost copper producers." But no such footnote qualifies the assertion that "consumer incomes" are increased by way of "profits, farm incomes, and wages" when the items of consumer goods rise in price. Thus, "consumers can afford higher prices" if prices are higher but, **mirabile dictu**, cannot afford them if subsidies are paid to prevent higher prices!

This sophistry has been pointed out by Professor Harper of the Cornell Department of Agricultural Economics (Congressional Record, Jan. 14, 1944, p. A186): "All who would be enjoying higher profits because of the higher market price would be confronted with increased income taxes. If the taxes aren't high enough, we can raise them . . ." But the sad part of it is that we cannot raise them and at the same time hold prices and profits down in order to facilitate high-wage savings and their investment in cashable war bonds which do not, as alleged, "drain off" purchasing power but actually accumulate it in a pool that is likely to wash out all the stop-gap schemes for "control." The Treasury is already starting the printing presses to cash them. Dr. Harper's remarks deserve further quotation:

"This economical power of subsidies could arise only if our general wage structure could, by agreement, be tied to only a few subsidized items. Preferable would be to tie wages to some one minor item, like vanilla extract, so that the cost of the subsidy payments necessary to hold its price down would be small; if we could accomplish approval of such a scheme, great power of economy could be claimed for the subsidy plan. If, on the other hand, the groups involved should demand inclusion of prices of absolutely all items of their expenditure, this economical power of subsidies would disappear completely; it would then become simply a matter of shifting part of the cost of things, that should reasonably be paid for by consumers in these prosperous times, to the Federal Treasury, with an increase in the public debt to be borne by someone else in future years.

"A demand for higher wages, of $1 a day, would be a demand for some $19,000,000,000 increase in the yearly income payments to our present working force in the United States. A food subsidy of $1,000,000,000 annually, which some say would be more than adequate if used wisely, ... is equivalent to 5 cents a day. If it is impossible to block by direct methods the inflationary demand for a $1 increase, it would seem that an irresistible demand for 95 cents would still exist. Or, they might demand and obtain later the $1 originally requested, making a total of $1.05 as the outcome of what was thought to be a 5-cent expenditure to prevent the $1 raise in wages.

". . . Whatever its validity and usefulness, the process would seem to boil down to fooling someone by a sort of horse-trading deal. If that is the case the problem of fair wages and fair prices to different groups might just as well be threshed out in the first place, on its true merits and above the table. If we cannot refute on its merits an unreasonable demand, what chance is there that we can succeed in squelching it by some process of deception? And if the demand is a reasonable one, to reduce it by deception is unfair."

The fact seems to be that unreasonable demands are being actually encouraged by percentage wage increases, as in the Little Steel Formula. The so-called control by subsidies employed to maintain production by paying higher wages while putting ceilings on living costs, is clearly an increase of income which evades taxes and enables labor organizers to continue maintenance of membership by new checkoffs to be used in "political action funds" set to keep the political supporters of such a scheme in power. How does it happen that subsidies are not employed, and price control is so readily abandoned, in fields that do not affect this political action fund? Under the recent (April 13) order of OPA, rising prices are officially employed to pay civilian enterprises that are in the red and therefore are given relatively untaxable incomes. But, subsidies and price ceilings are extended to the incomes of union labor so that not only do they pay less in taxes relative to their real incomes, but they also spend less of their income.

In his statement to the House Committee the Deputy Administrator for Price, Mr. Brownlee, said that this "directive" scheme for avoiding the pyramiding of subsidy payments (where they have no political repercussions) originated in proposals from OPA to exceed "generally fair and equitable" prices for the purpose of "insuring the production of adequate supplies of essential consumer goods." So on Nov. 16, 1943, OPA had agreed that "existing maximum price regulations constitute a serious impediment to the effectuation of the production programs." Yet on Jan. 26 Judge Vinson ardently protested that his "directive has been widely misunderstood." So while diverting attention to its immediate application to textiles and apparel, the "misunderstanding" was unceremoniously removed; in short, the plain statement that price controls are, in fact, a serious impediment to adequate production of essential consumer goods, was eliminated in the revised directive of Feb. 29, just in time to allow the presentation before congressional committees of figures and charts proving that price controls have brought about unprecedented production! Unfortunately the use of aggregate war production figures evidences only an attempt to veil the truth, so plainly stated in the 1943 directive, that price controls do impede production **seriously**. For it is inflation, and nothing else—meaning an increase in the money supply (now in excess of the measure of wartime civilian needs)—that has financially implemented the tremendous build-up of wartime production. And inflation is part and parcel of the subsidy program that had become so thoroughly established **before** the war, and which it is now contended is suited to inflation control!

"National policy has developed," says the OPA subsidy pamphlet, "a broad, many-sided program of economic"—not to say, political—"stabilization, geared to the tremendous strains of an all-out war economy"—not to say, of an all-out fourth-term political campaign. "This gearing would be fatally incomplete, however, without the use of the subsidy technique." So the amended directive for higher prices was careful not to disturb the subsidy for producers of war goods who are geared to political action by the admitted rise of 7% in real wages in 40 weeks following March of last year. To make sure that the gears will grind only civilian industry, relatively low in wage scales, Director Vinson ruled that as to "the maximum price equal to the total unit cost of the highest cost producer . . . , I shall hesitate to let it be used at all." High profits (highly taxable) either from efficient management or low wage scales, will not be permitted; high wage scales will be permitted to increase the cost-plus profit base, and so prevent high excess profits taxation. With the Treasury busily selling bonds to control (?) inflation, what is called "economic stabilization" is thus a matter of dictating, not price or wage control, but limitation of profits and taxes!

In the words of Prof. Wilford I. King, "Apparently against his will, Mr. Vinson, who doubtless believes in free enterprise, is gradually being forced to place more and more limitations on profits, thus tending to destroy the motivating force of the free enterprise system. . . . Mr. Vinson claims that his directives are purely war time measures. But if price fixing adds to efficiency in war time, why discontinue it when peace arrives?"

V. The Arithmetic of War Finance

A little common arithmetic seems to be needed to demonstrate the futility of price-fixing in civilian trade and industry in war, to say nothing of peace. For example, if public budgets involve $15 billion and civilian production involves $60 billion, in annual income, then 4/5 of total productivity is devoted to civilian needs and ⅕ to tax-financed services. Assuming a balanced budget, ⅕ of all income is paid through taxes.

But war, with modern accoutrements, makes the $60 billion represent only ⅜ of total productivity, the other ⅝ being devoted to tax-financed services (if we count inflation as a form of taxation).

(Continued on page 87)

THE CHASE
NATIONAL BANK
OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, JUNE 30, 1944

RESOURCES

Cash and Due from Banks		$ 886,347,988.67
U. S. Government Obligations, direct and fully guaranteed		2,778,218,272.86
State and Municipal Securities		84,987,986.73
Other Securities		122,628,560.94
Loans, Discounts and Bankers' Acceptances		1,048,627,006.00
Accrued Interest Receivable		10,328,851.65
Mortgages		6,751,716.05
Customers' Acceptance Liability		4,185,995.07
Stock of Federal Reserve Bank		7,050,000.00
Banking Houses		35,282,065.75
Other Real Estate		4,456,946.09
Other Assets		1,317,453.11
		$4,990,182,842.92

LIABILITIES

Capital Funds:		
Capital Stock	$111,000,000.00	
Surplus	124,000,000.00	
Undivided Profits	43,209,131.71	
		$ 278,209,131.71
Dividend Payable August 1, 1944		5,180,000.00
Reserve for Contingencies		10,289,270.53
Reserve for Taxes, Interest, etc.		8,249,317.58
Deposits		4,677,872,687.91
Acceptances Outstanding	$ 7,955,614.16	
Less Amount in Portfolio	3,301,795.36	4,653,818.80
Liability as Endorser on Acceptances and Foreign Bills		74,220.02
Other Liabilities		5,654,396.37
		$4,990,182,842.92

United States Government and other securities carried at $1,199,414,965.00 are pledged to secure U. S. Government War Loan Deposits of $1,021,381,481.02 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

5% Spread "Policy" Awaiting Decision

(Continued from page 67)

scionable profits. It does object to a 5% spread rule or to any other arbitrary or fixed measure. It believes that any arbitrary ceiling, be it 1% or 10%, is certain to be wrong."

The 5% Policy, a Yardstick

In substance, the brief of the National Association of Securities Dealers contends:

(a) The enforcement of the Rules of Fair Practice is a local matter under the control of the District Business Conduct Committees.

(b) The 5% policy does not constitute a rule, but is only a "desirable yardstick."

The Association's attorneys emphasize the fact that in its communications the NASD Board of Governors specifically stressed that the policy set forth is not a rule.

Study in Semantics

For the Securities Dealers Committee, Messrs. Edward A. Kole and Abraham M. Metz, attorneys, made the following reply to this last contention:

"The nub of the argument presented by NASD is that the stated 'policy' is not a rule because the NASD in its communication, said it is not a rule (Brief, p. 9).

"Standing alone, that argument is as sound as would be the claim that a horse is not a horse because someone called it an automobile.

"There is neither divinity nor absolute sovereignty in the Board of Governors, and when to suit its own ends, it seeks to dub a rule by the wrong 'handle,' that doesn't convert a rule into something which it is not.

"The name used isn't the test, but rather the effect of, and the directions concerning, the so-called interpretation, philosophy or policy.

"If the nomenclature alone were the absolute and decisive factor, the Board of Governors may reasonably be said to have called the policy a rule, for they have repeatedly referred to it as a 'yardstick' (NASD brief, pp. 9, 10). Clearly, the term 'yardstick' is here used in the figurative sense, for literally, it is a 36-inch measure stick.

"In the figurative sense, how is it defined?

"'Yardstick—(figuratively) a rule, test, criterion, by which something intangible is measured with accuracy, rigidity, or the like * * *' (Webster's New International Dictionary, 2nd Edition, Unabridged).

"Therefore, if we employed the system of logic used by NASD counsel, we might argue with complete conviction that the philosophy is a rule because the NASD has in effect called it a rule."

THIS PROCEEDING HAS BEEN AND WILL CONTINUE TO BE CLOSELY WATCHED, NOT ONLY BY THOSE ENGAGED IN THE SECURITIES FIELD, BUT ALSO BY CONGRESS AND INDUSTRY IN GENERAL. SUCH VIGILANCE IS DUE TO THE FACT THAT THE PRINCIPLE OF CEILING ON PROFITS TOWARDS WHICH THE NASD HAS BEEN TENDING, IS ONE WHICH IF ESTABLISHED, WILL ULTIMATELY FIND ITS WAY INTO THE ENTIRE FIBRE OF AMERICAN BUSINESS.

Brady Opens Albany Branch Under Hittinger

Brady & Co. announce that they have opened an office at the State Bank Building in Albany, under the management of Paul F. Hittinger, formerly with Barrett Herrick & Co.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BEVERLY HILLS, CALIF. — **John J. Flanigan** has become associated with **Merrill Lynch, Pierce, Fenner & Beane,** 9520 Santa Monica Boulevard. Mr. Flanigan was formerly with Buckley Brothers.

CHICAGO, ILL. — **Gilbert S. Watson** has become associated with **Ames, Emerich & Co.,** 105 South La Salle Street. Mr. Watson was formerly with Ryan, Nichols & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**David P. Ayars** is now with **Otis & Co.,** Terminal Tower.

(Special to The Financial Chronicle)

KANSAS CITY, MO. — **Frederick F. Githens** has become associated with **B. C. Christopher & Co.,** Board of Trade Building. Mr. Githens previously was with Daniel F. Rice & Co. and James E. Bennett & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Guy Gadbois** has become affiliated with **Atlas Securities, Inc.,** of Beverly Hills. Mr. Gadbois was formerly with Wyeth & Co., Pacific Company of California, and O'Melveny-Wagenseller & Durst.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Roscoe G. Neiger** has joined the staff of **Russell M. Anderson,** 559 South Figueroa Street. Mr. Neiger was previously with Van Denburgh & Bruce, Inc., and Hurry, Hilgers & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Clarence M. Zerrien** is with **G. Brashears & Co.,** 510 South Spring St.

(Special to The Financial Chronicle)

YOUNGSTOWN, OHIO—**James P. Hart** is now connected with **Hirsch, Lilienthal & Co.,** Union Commerce Building, Cleveland. Mr. Hart was previously with Paine, Webber, Jackson & Curtis, Singer, Deane & Scribner, and Soucy, Swartswelter & Co.

Case For N. Y. Bank Stocks

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have issued a circular entitled "The Case for New York Bank Stocks" giving their reasons for favoring this group. Copies of this interesting circular may be had from Laird, Bissell & Meeds upon request.

Giant Portland Attractive

Giant Portland Cement Company offers interesting possibilities, with an anticipated upturn in the industry generally at the close of the war, according to a detailed study of the situation issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. Copies of this interesting study may be had from the firm upon request.

CORN EXCHANGE BANK
TRUST COMPANY

ESTABLISHED 1853

A Bank Statement that any Man or Woman can Understand

Condensed Statement as of close of business June 30, 1944

Our Deposits and Other Liabilities are	$622,347,105.40
(includes $65,910,088.89 U. S. deposits)	
To meet this indebtedness we have:	
Cash in Vaults and Due from Banks	$155,288,634.74
U. S. Government Securities ($94,442,903.38 pledged to secure deposits and for other purposes as required by law.)	434,184,224.73
Other Securities	13,438,613.67
Loans and Discounts	35,878,536.95
First Mortgages	7,481,223.24
Customers' Liability on Acceptances	778,112.43
Banking Houses	10,523,598.63
Other Real Estate	463,916.24
Accrued Interest Receivable	1,765,815.30
Other Assets	93,781.00
Total to Meet Indebtedness	$659,896,456.93
This Leaves	$ 37,549,351.53

Capital, $15,000,000.00; Surplus and Undivided Profits, $22,549,351.53

BOARD OF DIRECTORS

ROBERT A. DRYSDALE
Drysdale & Company
DUNHAM B. SHERER
Chairman
C. WALTER NICHOLS
Chairman, Nichols Engineering & Research Corporation
GEORGE DOUBLEDAY
Chairman, Ingersoll-Rand Company
ETHELBERT IDE LOW
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HENRY A. PATTEN
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President
JOHN H. PHIPPS
DAVID G. WAKEMAN
Vice President, United States Fire Insurance Company
EDMUND Q. TROWBRIDGE

BRUNSON S. McCUTCHEN
WILLIAM G. HOLLOWAY
Vice President, W. R. Grace & Company
HERBERT J. STURSBERG
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JOHN R. McWILLIAM
First Vice President
E. MYRON BULL
President, A. H. Bull & Co., Inc.

Member Federal Deposit Insurance Corporation.

The Corn Exchange Safe Deposit Company operates vaults in 56 of the 74 branches conveniently located throughout the City of New York.

United States War Savings Bonds and Stamps are on sale at all offices.

BROOKLYN TRUST
COMPANY

MAIN OFFICE:
177 Montague Street
Brooklyn, N. Y.

NEW YORK OFFICE:
26 Broad Street
New York, N. Y.

Summary of Statement at the Close of Business, June 30, 1944

RESOURCES

Cash on Hand and due from Federal Reserve Bank and Other Banks	$ 49,396,340.95
U. S. Government Securities	139,414,054.59
State and Municipal Bonds	5,510,516.43
Other Securities	2,129,323.28
Loans and Bills Purchased	32,481,513.36
Bonds and Mortgages	1,396,233.89
Bank Buildings	4,138,366.68
Other Real Estate	28,914.74
Customers' Liability for Acceptances	43,181.05
Other Resources	835,051.32
	$235,373,496.29

LIABILITIES

Capital	$ 8,200,000.00
Surplus	4,900,000.00
Undivided Profits	1,463,156.18
Reserves	749,521.49
Dividend payable July 1, 1944	164,000.00
Deposits	219,137,078.69
Acceptances Outstanding	43,181.05
Other Liabilities, reserve for taxes, etc.	716,558.88
	$235,373,496.29

As required by law, United States Government and State and Municipal bonds carried at $53,114,557.15 are pledged to secure public deposits and for other purposes.

One of the Oldest Trust Companies in the United States

MEMBER FEDERAL RESERVE SYSTEM AND FEDERAL DEPOSIT INSURANCE CORPORATION

What Price Economic Security?

(Continued from page 73)

did not share in the increased money income, may eventually rebel. This would be most likely if money incomes of one group were increased at the expense of other groups by charging them higher prices for the products of the original group. But lowering prices has its problems too. If widespread, a gently falling price level may cause unemployment with all its vicious repercussions because inventory buying ceases and large selling waves set in to beat the downward trend in prices. Here, too, is the question of how much security at what price.

The price for economic security will always spell for anyone and all groups a reduction in their freedom of action. The question is not economic security without price, but how much economic security at what price? How far are individuals willing to fork over their freedom of action in return for security?

Economic security is distinctly in form of a diminishing utility curve. There, soon, perhaps much sooner than most of its advocates realize, comes a point at which a counterrebellion will set in against the very restraints imposed upon individuals which have been begotten by their demand for economic security. Farmers and workers particularly have as yet not seen it.

Insecurity is not a bad thing. Insecurity of some sort is the essence of adventure. It has been particularly that lack of adventure which has been one of the underlying complaints, voiced or silent, against life to which the sort of society modern man has created condemned him. Insecurity which invites people to do something about it and provides a chance to render that something effective will always be socially constructive. Nay, people want it that way.

The question again is: Are we able to see and are we willing to pay the price for our demands on society? One thing has to stop in the interest of all and that is the indiscriminate and dangerous reciting of security as if no price were involved.

The price system will serve as a final illustration. Capitalism cannot survive without a free price system. Any rigidity in prices and costs induced by government as a result of pressure group action, or induced by cartels or certain labor practices will not kill the price system, but the social system.

A flexible price structure at least substantially aids if not determines the most efficient allocation of economic resources. If prices go down in one segment of the economy, there will be a shift of labor, land and capital to other segments of the economy lowering the remuneration to factors of production there until a new equilibrium has been temporarily established. Any interference with the price mechanism will not only create cost-price disequilibrium, but over the long run will aggravate it and widen price dispersion. Either government perpetually subsidizes such an artificially maintained industry—a step that may well spell socialization in the end—or if temporarily subsidized, losses will have to be taken eventually that are many times in excess of those that would have been incurred originally had economic forces been permitted to assert themselves.

Capitalism means risk, profits and losses. For some, the competitive process, impossible without free markets, spells death. That is the prise that must be paid in a competitive society, that society which has given those under it a higher standard of living than any other system yet devised by man. But again the price of a high standard of living is an increased susceptibility to business fluctuations, for the higher the standard of living the higher will be the margin of income which need not be expended immediately and may be hoarded.

Floors under agricultural prices may iron out certain price dispersions between industrial and agricultural prices, but the price that will have to be paid eventually will come high. Prices must reflect cost as well as demand conditions. Capitalism cannot be retained under the slogan, "a fair return on a fair capital value." Are people really so blind as to propose stockpiling of raw materials and still assume that this will not destroy free price determination? Someone recently proposed in Washington that stockpiles of strategic raw materials (this can include quite a list!) be set aside, only to be touched in case of another war. Let a group interested in the consumption of any one such item experience the first steep price increase in a stockpiled item (perhaps necessary to stimulate production) and watch that group high pressure somebody temporarily in to releasing such supplies to stabilize the price. Surely the market and an industry would anticipate such moves and act accordingly, with the result that a disequilibrium between demand and supply might become chronic.

The price of progress itself is insecurity. Social organisms as well as individuals cannot rest without rotting. But we can mitigate erratic progress and in so doing increase our security. But all aspects of economic security inexorably demand their price. The marginal utility of our chips which purchase economic security is very high for most of us. For too long has economic security or a semblance of it been bought on credit. Even now the bill has not been presented. Before long it must.

The CHRONICLE invites comments on the views expressed by Dr. Lohman in this article, or on any related phases of the subject under disussion. Comments should be addressed to Editor, Commercial and Financial Chronicle, 25 Spruce St., New York (8), N. Y.

Chartered 1799

BANK *of the* MANHATTAN COMPANY

NEW YORK

Condensed Statement of Condition
as of June 30, 1944

ASSETS

Cash and Due from Banks and Bankers	$ 290,356,684.09
U. S. Government Obligations	545,582,924.31
Other Public Securities	7,816,509.57
Other Securities	13,916,582.34
Loans and Discounts	276,152,098.99
Real Estate Mortgages	5,563,885.25
Banking Houses Owned	13,079,896.49
Other Real Estate Owned	317,417.47
Customers' Liability for Acceptances (Less Anticipations)	1,939,394.01
Other Assets	3,567,033.98
	$1,158,292,426.50

LIABILITIES

Capital	$20,000,000.00	
Surplus	20,000,000.00	
Undivided Profits	11,057,805.75	$ 51,057,805.75
Reserve for Contingencies		2,011,517.89
Dividend Payable July 1, 1944		400,000.00
Deposits		1,023,928,667.85
Certified and Cashier's Checks		73,853,573.04
Acceptances Outstanding		2,107,729.73
Other Liabilities, Reserve for Taxes, etc.		4,933,132.24
		$1,158,292,426.50

Of the above assets $198,858,422.54 are pledged to secure public deposits and for other purposes; and certain of the above deposits are preferred as provided by law.

Member Federal Reserve System   Member Federal Deposit Insurance Corporation

THE
PHILADELPHIA
NATIONAL BANK

The Oldest and Largest Bank in Pennsylvania
Organized 1803

Statement of Condition, June 30, 1944

RESOURCES

Cash and due from Banks	$174,323,874.22
U. S. Government Securities	478,944,727.92
State, County and Municipal Securities	15,144,656.47
Other Securities	33,780,083.03
Loans and Discounts	86,758,159.46
Bank Buildings	1.00
Accrued Interest Receivable	2,315,456.46
Customers' Liability Account of Acceptances	2,763,433.62
	$794,030,392.18

LIABILITIES

Capital Stock		$ 14,000,000.00
Surplus		28,000,000.00
Undivided Profits		8,893,002.26
Reserve for Taxes		3,259,253.58
Dividend (Payable July 1, 1944)		875,000.00
Unearned Discount and Accrued Interest		135,754.55
Acceptances		2,961,863.17
Deposits		
United States Treasury	$159,230,381.92	
All Other Deposits	576,675,136.70	735,905,518.62
		$794,030,392.18

Philadelphia, Pa.   *Member of the Federal Deposit Insurance Corporation*

Responsibilities In Post-War Problems

(Continued from page 76)

of increasing power. It seems to me perfectly fair to say that as labor's leadership matures—and I thing it is maturing—and as more good men rise from the union ranks, we have a right to expect more statesmanship in labor's policies. The converse of that, of course, is perfectly true—that as management acquires more experience in dealing with labor, we have a right to expect more management statesmanship in the field of labor policy, too—but at the moment I talking of labor's responsibility.

For one thing, I believe there is a very definite responsibility on union leadership—a responsibility not only to the men, but to the general public. We can properly expect union leadership, I believe, to see to it that agreements made are kept; to recognize the fact that the unusual conditions of wartime have brought about serious dislocations in wages, which must sooner or later be adjusted; to support a policy of larger production at lower final costs. If management has sinned against that policy in the past, it must be admitted that labor not infrequently has done likewise. Labor must accept the same fact that management must accept—that restricted, high-cost production is not the road toward a free, prosperous economy.

Another responsibility which clearly rests on labor seems to me to be the establishment of an attitude of reasonableness in collective bargaining. Hand in hand with that must go a willingness to cooperate in labor-management committees—a readiness ,in other words, to forget distrust and suspicion and sit down across the table from the employer and try to find mutually satisfactory solutions to common problems. And right here I would like to say a word or two about the uses of these labor-management committees. In spite of the attitude a few labor leaders have shown, I don't believe that the average working man really wants to participate in management. I believe that what he really wants is a sense of **belonging** — a feeling of personal necessity to the operation of the business of which he is a part. He doesn't want to be just a number on the payroll; he wants a job that gives him some personal pride; he wants reasonably good wages —and above all he wants to work with security. Men who work want at least these things from society and they want them very badly; a society which is unable to give them has no right to expect too much in return.

Now I happen to believe that the American people have a tremendous confidence in our form of society and our form of government. They believe in the capitalist system—they believe in the making of profits. They think well of business and its leaders, and I do not believe that they dislike big business just because it is big. But the American people are certain to be very intolerant of management and labor alike if they seem to be creating such an atmosphere of pulling and hauling as to shake confidence in their value as leaders. And they will jump on labor just as quickly as on management if they feel that each is looking to its own interest before it looks to the public good. Don't make any mistake about that.

If these are the responsibilities of business and of labor, what about government? It has its responsibilities too. It has, for instance, fiscal taxation and monetary responsibilities that are its alone. Balancing savings and investment, and maintaining demand and purchasing power, are integral parts of the government's financial policy; neither business or labor can provide a sound tax policy. And the broad problems of social security are obviously problems with which government alone can deal. In this field we have made a good deal of progress, although too many large segments of our economy are not yet covered. The general state of public health in America is still too low for so civilized a society; too many people still suffer from inadequate medical care. In Great Britain, in peace time, 27% of the nation's government budget is devoted to social assistance. I do not advocate that here—but it points to the tendency which is absolutely certain to develop in any democracy where inadequate employment and a poor level of public health are permitted to exist.

In this discussion I have made no reference to the very considerable problems which face us in the foreign field. I don't qualify as an authority on foreign policy, and it would take much more time than I have today to discuss adequately all of the economic aspects of our foreign problems. I would like to bring out one point, however. When this war ends we are going to find ourselves with a considerable surplus of merchant ships and a substantial surplus of goods—to say nothing of the capacity to produce more goods. What are we going to do with them—use the surplus ships to carry the surplus goods for sale abroad? An excellent idea; but we might just as well make up our minds to the fact that if we wish to sell we have got to be willing to buy. We needn't propose to lower our standards of living or the purchasing power of our labor, but we do need to cultivate a friendlier attitude toward the buying as well as the selling of goods in foreign markets. This is a big contribution toward fuller employment that we dare not try to do without.

I remarked earlier that decisions of profound significance to the life of this country will soon have to be made. All of us are going to have a part in the making of those decisions; all of us —business, labor and government alike—have very responsible roles to play. But it seems to me above all things important for us to get a clear picture of what might be called the inevitabilities of this world we are shortly going to face.

First of all, of course, there has got to be reemployment of many millions of men—men who come out of the armed forces, and men released from war industries. That reemployment is just naturally going to take place in one form or another. It will do no good whatever to rail against WPA and "made work"; those men simply are not going to remain idle. Any administration in office, Democrat or Republican alike, will come face to face with a national insistence on the right to work and useful work to do.

That means, obviously, a national turn-over of peacetime operations in industry on a scale hitherto undreamed of. In 1929—the great, fabulous boom year of the booming twenties—we had a national income of about 83 billion dollars. We have demonstrated in this war that we can maintain a national income of 150 billions—we're doing about that much now—and that with 11 million men in uniform! That is possibly the most staggering single economic fact this country has ever faced.

When peace returns, I should say that we still must find a national income of something like 140 billion dollars.

That, I believe, is a fact that we might just as well accept right now. There is not going to be much point in arguing whether a national income of that size should be maintained, or in trying to make up our minds whether or not we are going to like it. We are going to have it and that's about all there is to it; we are going to have it because we must have it. We have shown in this war that we are geared to that kind of income. Costly as this war has been—and it is certainly the most expensive single enterprise in all history—it is nevertheless true that in this war we have discovered our real wealth—discovered it, and made it available for our own use.

I am no authority on tax matters, but at a guess I would say that our annual federal government budget after the war cannot be much less than 20 billion dollars—and it may be more. On a pre-war scale of living, a figure like that would be ruinous; on the kind of national income we can have after this war, such a figure is perfectly acceptable.

These are challenging figures. A national income of 140 billions connotes an America almost unimaginably more productive and more prosperous than the America of any pre-war year. We move into a different kind of world when we operate at that level. But this isn't a dream picture. This is something that we can do if we will.

How can we do it? Good management will be a first requisite. Less petty selfishness is certainly another; more concern for the public good in every decision made by government, labor, agriculture or business. We must have sound legislation against a truly national background, and a favorable climate for business growth. Business must feel that it has the confidence of the country. With such elements, we can have adequate employment at fair wages for all who want to work. Given that, everything else will tend to fall into place.

The national policy that can produce such a development is not at all impossible to attain. We shall have it as soon as the total of all of our private and our group policies adds up to the proper sum. We do not have to achieve miracles. The miracles have already been accomplished—in the growth of our productivity, in our newly-discovered ability to make full use of the enormous national strength which God has given us. All we need do now is to be intelligent, courageous and public-spirited enough to put the good of America ahead of the good of any individual or group.

If there is any challenge which I can leave to your thinking tonight, it is that we have it within our power to make this a better country to live in, a better life to live, a more secure and satisfying life, if we want badly enough to do it. It will not be easy to do—few things worth while are easy —but we can do it if we will too.

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* On active service in the armed forces.

July 5, 1944.

J. P. MORGAN & CO.
INCORPORATED
NEW YORK

Condensed Statement of Condition June 30, 1944

ASSETS

Cash on Hand and Due from Banks		$129,432,770.96
United States Government Securities, Direct and Fully Guaranteed		569,409,517.88
State and Municipal Bonds and Notes		13,071,602.46
Stock of the Federal Reserve Bank		1,200,000.00
Other Bonds and Securities (including Shares of Morgan Grenfell & Co. Limited)		16,806,632.39
Loans and Bills Purchased		117,377,890.98
Accrued Interest, Accounts Receivable, etc.		2,413,671.61
Banking House		3,000,000.00
Liability of Customers on Letters of Credit and Acceptances		2,021,912.67
		$854,733,998.95

LIABILITIES

Deposits	$781,221,994.48	
Official Checks Outstanding	17,820,137.61	$799,042,132.09
Accounts Payable and Miscellaneous Liabilities		2,232,263.02
Acceptances Outstanding and Letters of Credit Issued		2,021,912.67
Capital		20,000,000.00
Surplus		20,000,000.00
Undivided Profits		3,782,306.93
General Reserve		7,655,384.24
		$854,733,998.95

United States Government securities carried at $265,350,560 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes. In previous statements, balances then in General Reserve were applied to reduce asset valuations.

Member Federal Reserve System
Member Federal Deposit Insurance Corporation

CHARTERED 1853

United States Trust Company of New York

Statement of Condition June 30, 1944

RESOURCES

Cash in Banks	$ 26,239,074.19
Loans and Bills Purchased	28,550,683.05
United States Government Obligations	92,882,930.93
State and Municipal Obligations	8,047,777.89
Other Bonds	2,577,500.00
Federal Reserve Bank Stock	840,000.00
Real Estate Mortgages	4,290,250.98
Banking House	1,700,000.00
Accrued Interest Receivable	522,975.40
Total	$165,651,192.44

LIABILITIES

Capital Stock	$ 2,000,000.00
Surplus	26,000,000.00
Undivided Profits	2,419,660.03
General Reserve	855,744.62
Deposits	132,933,759.76
Reserved for Taxes, Interest, Expenses, etc.	1,138,704.04
Unearned Discount	3,323.99
Dividend Payable July 1, 1944	300,000.00
Total	$165,651,192.44

$50,355,000 par value of United States Government and other securities are pledged to secure deposits and for other purposes required by law.

Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation

Pyramiding Inflation

(Continued from page 83)

Were the budget balanced, ⅝ of all income would be paid in taxes. Pre-war incomes ($75 billion), however, had been burdened with only 20% taxation. Nevertheless, to purchase the same production at the same price level still requires $60 billion. Hence of the new national income of $160 billion, those activities represented by the $75 billion cannot be burdened with any greater taxation without an increase in income, that is, an increase in the money price of the same transactions. A distribution of the $100-billion tax burden as between civilian and government employment (including war industries, of course) would require that the $60 billion be increased, so that it can pay ⅜ of $100 billion instead of 4/5 of $15 billion without alteration in the basic, after-taxes sum ($48 billion) required to conduct the same quantity of civilian production and distribution. 48 plus 37 equals 85. So $85 billion is the sum necessarily involved in the pre-war level of civilian activity if it bears an equally distributed share of the burden of the public budget of $100 billion, and the budget is balanced by taxation to prevent inflation.

It seems clear, therefore, that to sustain a budget of $100 billion by taxation requires an increase in the money cost of the pre-war level of real income of over 30%. This increase represents a stable cost of living **after taxes**; and it necessitates a corresponding rise in income **before** taxes except in so far as living expenditures **after** taxes are reduced to less than a pre-war standard. To assume that pre-war prices can be maintained post-war by mere restoration of pre-war civilian production and/or reduction of war time demands against productivity, is to ignore the necessary increase in purchasing power (money supply) that has been invoked for the war budget and the plain fact that no way is being presented for reducing the money supply to a pre-war peacetime level, other than the "classic" way, employed in 1920, of a disastrous deflation of bank credit with its train of unemployment and agricultural insolvency. On the contrary, instead of curbing our post-war money supply, fiscal policy now runs to the issuance of billions in cashable bonds available for spending at any time, even during the war!

Interesting For Investment

Common stock of the Atchison, Topeka & Santa Fe offers attractive possibilities for investment, according to a detailed study of the situation, with reference to the present and post-war position of the issue, prepared by Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange. Copies of this study may be had from Vilas & Hickey upon request.

Wichita Dealers Ass'n To Hold Annual Outing

WICHITA, KANS.—The Wichita Security Dealers Association will hold its annual outing (stag) at Yentruoc Lodge on Friday, July 14, at 2 p.m. Bond men and ex-bond men of the United Nations are eligible to attend.

Fishing and swimming will be features of the day (those attending should bring their own equipment for both), and also horse shoes. There will be a soft ball game between the Stock Brokers and Bond Dealers—age limit 18 to 90—and if time permits completion of the game between the Crapshooters and Guzzler started last year. There has been a change in the ground rules; a player is automatically out if caught drinking while running bases—batter advancing to first must leave drink with first base coach.

There will also be a special stock exchange on which active trading is expected. Memberships may be acquired from Amos Small, Small-Milburn Co., Wichita.

Reservations for the party should be made with D. W. Vink, The Ranson-Davidson Co., Beacon Building, Wichita 2, Kans.

FIC Banks Place Debs.

A successful offering of two issues of debentures for the Federal International Credit Banks was concluded June 19 by Charles R. Dunn, New York fiscal agent for the banks. The financing consisted of $17,275,000 0.80% consolidated debentures dated July 1, 1944, due Jan. 2, 1945, and $25,875,000 0.90% consolidated debentures dated July 1, 1944, and due April 2, 1945. The issues were placed at par. Of the proceeds, $39,025,000 was used to retire a like amount of debentures due July 1, 1944, the balance $4,125,000, being new money. As of July 1, 1944, the total amount of debentures outstanding was $289,165,000.

The Securities Salesman's Corner

A Sales Idea For Upper Bracket Investors

Today's capital gains tax offers an opportunity for selling non-dividend-paying growth securities to investors who are in the 30% surtax brackets and above.

The fact that many investors are more tax conscious than ever before presents an opportunity to the salesman who is looking for a new approach to more business with individual investors. In offering such securities it is advisable to explain the benefits of purchasing an investment whereby present dividends are subordinated to capital gains which may be taken at some future date, WHEN THE POSSIBILITY OF COMPLETE REPEAL OF THE CAPITAL GAINS TAX MAY MAKE IT PROBABLE THAT ALL PROFITS CAN BE KEPT BY THE INVESTOR.

In selecting this type of security it would appear that the medium and low-priced stocks of companies in the following industries appeal to investors in various parts of the country:

Electronics
Air Transport
Household Appliances
Beverage (Soft Drinks)
Plastics
Automotive Accessory
Building Materials
Textiles

In presenting this idea to investors a good plan is to quote that other astute investors who are clients of your firm have been foregoing the purchase of the usual dividend payers that make up the bulk of their investment portfolio and have been carefully selecting securities THAT DO NOT PAY INCOME AT THIS TIME BUT THAT DO HAVE AN UNUSUAL OUTLOOK FOR PRICE APPRECIATION.

The fact that income taxes absorb such a large portion of taxable income today should be brought to the client's attention. Next, it is also possible to show that a reduction in both personal and corporate tax rates may be accomplished to some extent at least, after the war. Fifteen or more State legislatures have already ratified a proposed amendment to bar corporate taxes above the 25% level.

After these points are brought forward (and the average investor is today only too well aware of them) then it can be shown that there is a very good possibility for complete capital gains tax repeal. England does not have such a tax. Sentiment throughout the country and in Congress is rapidly rising against this un-American taxation. Even under today's rates whereby 25% of profits on a capital asset held for over six months is paid—there is still an advantage to the investor if he purchases the right securities that give a good performance marketwise.

When these points are made it is then advisable to have several well-researched, attractive, speculative securities to offer. BUT DO NOT OFFER MORE THAN ONE TO A CLIENT. Have several in reserve BUT ONLY OFFER ONE. Know your story from A to Z. Know the picture behind the figures. Know the industry, its outlook, facts about the products manufactured—BELIEVE IN IT YOURSELF. Try and collect some of the company's advertising literature of the situation which you have selected to offer to your clients. Show it to them—BELIEVE IN IT YOURSELF—GET THEM TO BELIEVE IN IT ALSO—FOLLOW IT UP AFTER THEY HAVE BOUGHT IT. By selecting the right GROWTH SITUATIONS today you can build a very lucrative business for tomorrow.

FULTON TRUST COMPANY
OF NEW YORK
149 BROADWAY (*Singer Building*) NEW YORK 6
1002 MADISON AVE. (*Bet. 77th & 78th Sts.*) NEW YORK 21

CONDENSED STATEMENT, JUNE 30, 1944

RESOURCES

Cash in Vault	$ 306,497.41	$37,596,827.84
Cash on Deposit in Federal Reserve Bank of New York	6,433,720.86	
Cash on Deposit in other Banks	406,628.01	
U. S. Government Securities	29,175,331.56	
Demand Loans Secured by Collateral	1,274,650.00	
State and Municipal Bonds		460,982.36
Federal Reserve Bank of New York Stock		120,000.00
Other Securities		1,693,832.35
Time Loans Secured by Collateral		951,594.65
Overdrafts—Secured		3,692.70
Real Estate Bonds and Mortgages		225,955.72
Real Estate (Branch Office)		100,000.00
Other Real Estate		110,950.00
Accrued Interest and Other Resources		117,441.98
		$41,381,277.60

LIABILITIES

Due Depositors		$36,026,711.75
Dividend No. 159–1½%–Payable July 1, 1944		30,000.00
Reserved for Taxes, Expenses and Contingencies		249,862.11
Capital	$2,000,000.00	
Surplus	2,000,000.00	
Undivided Profits	1,074,703.74	
		5,074,703.74
		$41,381,277.60

BOARD OF DIRECTORS
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Member Federal Reserve System and Federal Deposit Insurance Corporation

SPECIALIZING IN PERSONAL TRUSTS & BANKING

The National City Bank of New York

Head Office:
Fifty-five Wall Street
New York

Branches
Throughout Greater
New York

Condensed Statement of Condition as of June 30, 1944
INCLUDING DOMESTIC AND FOREIGN BRANCHES
(*In dollars only—cents omitted*)

ASSETS

Cash and Due from Banks and Bankers	$ 906,662,671
United States Government Obligations (*Direct or Fully Guaranteed*)	2,370,598,109
Obligations of Other Federal Agencies.	45,478,731
State and Municipal Securities	136,995,484
Other Securities	62,432,334
Loans, Discounts, and Bankers' Acceptances	829,505,400
Real Estate Loans and Securities	3,920,526
Customers' Liability for Acceptances	4,801,639
Stock in Federal Reserve Bank.	5,625,000
Ownership of International Banking Corporation	7,000,000
Bank Premises	35,932,410
Other Assets	1,465,856
Total	$4,410,418,160

LIABILITIES

Deposits		$4,157,820,986
(Includes United States War Loan Deposit $739,073,001)		
Liability on Acceptances and Bills.	$9,736,352	
Less: Own Acceptances in Portfolio	4,191,587	5,544,765
Items in Transit with Branches		603,396
Reserves for:		
Unearned Discount and Other Unearned Income.		1,382,421
Interest, Taxes, Other Accrued Expenses, etc.		19,010,132
Dividend		3,100,000
Capital	$77,500,000	
Surplus	117,500,000	
Undivided Profits	27,956,460	222,956,460
Total		$4,410,418,160

Figures of foreign branches are included as of June 24, 1944, except those for enemy-occupied branches which are prior to occupation but less reserves.
$939,331,915 of United States Government Obligations and $6,323,396 of other assets are deposited to secure $891,628,190 of Public and Trust Deposits and for other purposes required or permitted by law.

(*Member Federal Deposit Insurance Corporation*)

War-Time Growth Of Electric Power

(Continued from page 72)

civilian production — more than one half of what it was in 1940.

Growth of Power Production for Industry

"In back of this great increase in industrial production is a similar increase of electric power supply for industrial purposes. In 1940 industry required 94,505,000,000 kilowatt hours. A kilowatt hour, it has been estimated, represents 10 man-hours; hence it is seen that each American worker in industry has the equivalent of nearly 500 helpers serving him.

"In the last war it was said that America's ability to produce was the thing that turned the scales. Now, 25 years later, we have five times the electric power available that we had then. This is twice as much power as the workers have to help them in any other country.

"Now this electric power for industry comes from three sources; generated by manufacturing plants for their own use; a small part imported from Canada and from the electric light and power plants, as shown in millions of kilowatt hours below:

	1940	1943
Generated by manufacturing plants	38,200	52,000
Imported from Canada	1,175	1,500
Supplied by private and public electric utilities	55,130	106,100
	94,505	159,600

"In 1940 the Private and Public Electric Supply furnished a little over 58% of the electricity consumed.

"In 1943 it was 66½% and this small percentage increase of the total represents more than 50,000,000,000 kilowatt hours, an increase of more than 92% from these utilities. Thus in three short years industry asked for and got nearly **twice** the amount of power that it had ever required before! American industry has always used vast quantities of electric power and in 1943 two thirds of it was supplied by the nation's electric utility companies. Never before have such demands been made upon industry and never has industry in turn made such demands upon the electric utilities.

The Handicaps

"Of this increase of more than 50,000,000,000 kilowatt hours, about half has been supplied to the metallurgical industries. American aluminum production has now reached a peak of 150,000,000 pounds per month and aluminum production requires 10 kilowatt hours for every pound made or nearly 10% of the total energy sold by the power industry. Electric steel which used about two and one quarter billion kilowatt hours in 1939 required seven and one quarter billion kilowatt hours in 1942 and the figures for 1943 are not being made public for obvious reasons. Moreover, our new magnesium industry—created since 1939—is another large consumer, using proportionately as much as aluminum. When the war is over magnesium will find many uses in our peace-time living, thanks to ample electric power to produce it.

The Problem of Equipment

"The electric utilities do not have first priorities on the materials they need, since direct war effort takes precedence over all else. Steel, aluminum and copper are the materials of which the electric industry is built, but steel, aluminum and copper are likewise the backbone of the war effort.

"Moreover, the manufacturers of electric equipment have gone to war. Meters, transformers, regulators and other necessary electric devices and supplies are no longer available. Today, the designing engineer starts with what he can dig up for a particular job and then he works them into the design. Great ingenuity is required—perhaps two or three transformers, old transformers, can be used in place of one of the proper size. It is surprising what can be made from the odds and ends in the stock pile of obsolete and worn equipment. Meters are rebuilt, chipped insulators repaired and used, old covered wire cleaned, tested and reused. While results may not look aesthetic, may deeply grieve the designer's ideas of precision and accuracy, at least they will do—even if they will have to be replaced, rebuilt, relocated or done all over again. If they will carry the load and help win the war—carry on! In one case on record an hydraulic turbine 45 years old, 17 years out of service, is once more turning out its full share of energy to help beat the axis.

"If the necessary equipment cannot be purchased or if a substitute is not found in discarded or obsolete equipment then there might be call for 'lend lease' from a neighbor utility. Just another example of the will to win which permeates the entire industry.

"Nor has this borrowing been confined to materials, supplies and equipment. Electricity also has been borrowed. This is really nothing new. Electricity is borrowed around every day. It may be undramatic but if there is a temporary or permanent shortage at Bridgeport, Connecticut, then some flows down from Springfield, Massachusetts. Springfield makes up any deficiency that it has, perhaps from Albany, New York; and Albany may have to get current from Canada. All this is nothing new. The utilities planned it that way years ago. It is only possible because of the thousands of miles (115,000) of high tension wires that connect the cities, production centers and power plants in the United States.

No Restrictions on Electricity

"How was this great order met—a 92% increase in 3 years—the greatest increased demand in amount or proportion which the industry was ever called upon to meet? The following figures speak for themselves. They show, in millions of kilowatt hours, the distribution of the energy produced and how it was obtained without eliminating any other use:

	1940	1943	Increase
Residential and farm	25,309	31,650	25.4%
Commercial, public, etc.	33,777	48,300	43.0%
Industrial power	59,557	106,050	78.3%
	118,643	186,000	56.9%
Used in making and lost in delivery	27,278	36,500	
Total supply	145,921	222,500	52.8%
Imported	937	1,000	
Supplied by light and power industry	144,984	221,500	53%

All this was accomplished as homes and residences increased their use by a quarter. Also, commercial lighting, electric railways and the like increased their use more than 40%. Thus, not only were the **normal** requirements taken care of but this extreme demand was also met! It was met largely because of one important reason, namely, that planning in advance is an established, **normal** procedure in the utility industry.

The Problem of Personnel

The accomplishments of any industry depend as much upon its personnel as upon its machinery and equipment.

"Back in 1931, almost a quarter of a million men and women were employed in the light and power industry. Today, nearly one in every seven of these has joined the armed forces. One fifth more have left to get the higher wages that war industries pay—all told more than one third of the total working force from all depart-

Business Established 1818

BROWN BROTHERS HARRIMAN & CO.

PRIVATE BANKERS

NEW YORK BOSTON PHILADELPHIA

Statement of Condition, June 30, 1944

ASSETS

Cash on Hand and Due from Banks	$ 33,869,084.99
United States Government Securities	53,889,512.82
State, Municipal and Other Public Securities	27,310,210.49
Other Marketable Securities	6,656,316.12
Loans and Discounts	42,150,907.52
Customers' Liability on Acceptances	5,581,153.25
Other Assets	482,985.98
	$169,940,171.17

LIABILITIES

Deposits—Demand	$144,602,351.71	
Deposits—Time	3,846,012.99	$148,448,364.70
Acceptances	$ 5,870,080.59	
Less Held in Portfolio	207,267.31	5,662,813.28
Accrued Interest, Expenses, etc.		156,135.13
Reserve for Contingencies		2,106,624.04
Capital	$ 2,000,000.00	
Surplus	11,566,234.02	13,566,234.02
		$169,940,171.17

U. S. Government Securities Par Value $700,000 are Pledged to Secure Public Deposits as Required by Law.

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IRVING
TRUST COMPANY
NEW YORK

Statement of Condition, June 30, 1944

ASSETS

Cash on Hand, and Due from Federal Reserve Bank and Other Banks	$250,717,144.11
U. S. Government Securities	757,078,595.32
Other Securities	2,560,719.12
Stock in Federal Reserve Bank	3,088,100.00
Loans and Discounts	235,923,373.86
First Mortgages on Real Estate	8,018,313.97
Headquarters Building	16,640,460.00
Other Real Estate	80,479.72
Liability of Customers for Acceptances	1,942,722.94
Other Assets	3,263,891.69
	$1,279,313,740.73

LIABILITIES

Deposits	$1,144,869,544.97	
Official Checks	18,846,893.47	$1,163,716,438.44
Acceptances	$4,045,777.73	
Less Amount in Portfolio	1,665,964.16	2,379,813.57
Reserve for Taxes and Other Expenses		4,083,337.41
Dividend payable July 1, 1944		750,000.00
Other Liabilities		970,588.84
Capital Stock	$50,000,000.00	
Surplus and Undivided Profits	57,413,562.47	107,413,562.47
		$1,279,313,740.73

United States Government Securities are stated at amortized cost. Of these, $272,030,332.60 are pledged to secure deposits of public monies and for other purposes required by law.

Member Federal Deposit Insurance Corporation

ments of the industry are no longer on their jobs. Some of these, about half, have been replaced by oldsters coming back to fill in, replaced by high school boys and girls working after school and on Saturdays. The turnover of employees is of astounding proportions. Many departments completely replace their personnel every year; in some, no employees have more than a year of service. Yet, in spite of this, there are twice as many kilowatt hours—units of service — sold per employee as there were in 1939. Thus, not only is there an increase in the units of service rendered per dollar of plant investment but what is even more incredible, an increase per employee in spite of the fact that 20% of these are new employees.

The Achievement

"Power plants, transmission lines and distribution lines, the bones and body of a public utility, are not created in a day, nor can they be bought ready made. The generator which goes into service today was designed two years ago and planned for as long ago as five years. Every utility system has a planning department, engineers, economists and statisticians, who study population trends, growth of industry and of purchasing power, and forecast years ahead with surprising accuracy. Designs, plans for obtaining money and a thousand and one details are carefully made in anticipation of what may happen one, two and five years ahead in outline for at least ten years in advance. Actually, to meet this war time call, it was necessary to move 1945 plans to 1942 and to bring the ten year plan up to date so that it could be used for 1945, if necessary.

"This planning is not new but has always been going on in the electric utility industry. On the average, the expenditure for new construction was over a half billion dollars a year for the past twenty years. It reached nearly a billion dollars in 1924 and again in 1930 when the utilities tried to 'prime the pump' by doing more construction than was immediately necessary. That outlay of over ten billions of dollars for plants, transmission and distribution lines and substations meant that there was more than 40,000,000 kilowatts of generating capacity available in 1940. Today, it exceeds 50,000,000! It meant that more than 100,000,000 units of electricity could be furnished to the power hungry war industries **when** they needed it most, and what is equally important **where** they needed it. The Electric Utilities reaped for their Country the benefits of earlier planning.

How It Was Done

"This extraordinary increase of demand was met by doing three things:

Increasing the number of generators producing electricity
Using all generator capacity longer hours and at greater loads
Many minor economies.

"No one of these tells the story. About one third of the added power comes from the new equipment added, about 60% from increased use of all available machinery and, finally, some 7% by making the machinery work harder and from many minor savings.

"At the end of 1940 there were 41,638,956 kilowatts available. This was expanded to 50,105,000 kilowatts at the end of 1943, an increase of 9,466,044 units or about 20%. However, the enlarged demand was far greater. Not only was more generating capacity needed but this new capacity and all the old capacity had to be run longer and with greater loading. In the eighteen years from 1921 to 1939 the electric industry used its generators at maximum capacity to produce current from a minimum of 2672 hours a year to a maximum of 3160 hours (in 1925), with an overall average of 2956 hours a year. This is about 57 hours per week. During 1943 such use of the maximum capacity was 4564 hours or about 88 hours a week. This is an increase of hours of work for the generators of 54%. This would be equivalent to increasing the working hours per week to 56. It is to be noted that this has been done without any retooling, and without any overtime pay. Electric rates are still at pre-war levels! In fact, due to the promotional rate forms generally in use, this added current is delivered at an even lower cost per unit. In 1939 the cost per unit for this power service was 1.12 cents per kilowatt hour, whereas these added sales have been made at approximately 6 mills per kilowatt hour.

"Due to increased loading on turbines, to lowered use by the utilities themselves and by effecting many minor economies, a saving of more than 3% has been effected. That is to say that, of the energy generated, 3% more gets delivered to the customers today than before 1940. This 3% may seem small in itself but it amounts to nearly 7,000,000,000 kilowatt hours in the course of a year or enough power to produce the aluminum to build 20,000 medium bombers.

The Problem of Speed

"For example, a small shipyard in New Orleans phoned its local utility one day and said 'We are expanding. We shall need 25,000 additional kilowatts' (and they were using less than 5,000). There was no warning, but line crews were hastily summoned and before nightfall new poles were being set. Within a few days power was ready, the additional 20,000 kilowatts for the plant extension. Another instance: Washington decided to build a camp ten miles away from the nearest town; yet, long before the ground was broken for the camp buildings, the lines were built and the electric power was ready. In still another locality, a new aeroplane plant was set down in the midst of a potato field and, notwithstanding the impossibility of getting priorities on the necessary materials, the power lines were built. Yes, in spite of all these unexampled demands no war industry has been held up one day in starting production through shortcomings of the electric light and power companies. Moreover, electricity has not been rationed. There has been and still is enough for our civilian population who are waging the war on the home front.

Once again the utilities demonstrated their resourcefulness. Steel can be replaced for structural purposes in many cases by wood and so transmission lines and sub-stations are once more being built as they were years ago of wood, thus saving many tons of steel. For thin sections of aluminum and steel in various pieces of apparatus, paper, fiber, asbestos, plastics, glass, ceramica and wood have been used. Aluminum is not available for meter parts, so plastics have been substituted. Copper is used for wires for almost all electrical conductors, yet copper is a critical material. So, where copper is used merely for anti-corrosion, a thin coating of copper on a steel wire will do the job; sometimes even the right kind of paint can be used. Iron and steel pipe will serve, not as well, perhaps, but serve none the less for switchboard bus bars and other outside conductors. In one case silver has been used for bus bars, borrowed from the nation's silver stock pile, to be returned when conditions once more are normal. Among other uses of silver the contact points for the circuit breakers where the electric arcs are quenched in tanks of oil have been coated with this metal, thus increasing their rating and saving their replacement.

"Substitutions everywhere: asbestos, glass and even painted paper have been used. They may not be as efficient and long-lived, in fact they may have to be replaced shortly, but they will serve for the emergency—they will help the war effort.

"The vast network of wires unites our electric industry into a powerful force working for Victory: great arteries through which electricity, the life blood of production, is flowing night and day to be used in turning out a vast flood of every form of war material. This is the achievement of a great American industry striving to do its part in our war effort. Little wonder the electric utility industry has been aptly termed 'the Allied Power Hitler forgot.'"

Mallory Interesting

P. R. Mallory & Co., Inc., offers an interesting situation, according to an analysis prepared by Steiner, Rouse & Co., 25 Broad St., New York City, members of the New York Stock Exchange. Copies of this analysis may be had from Steiner, Rouse & Co. upon request.

Hamilton & Smith With Dean Witter Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Allison B. Hamilton and Leonard H. Smith have become associated with Dean Witter & Co., 634 South Spring Street. Mr. Hamilton was formerly with Searl-Merrick Company, in charge of the brokerage department.

Charles F. Wesley Now With Quincy Cass Assoc.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—Charles F. Wesley has become connected with Quincy Cass Associates, 523 West Sixth St., members of the Los Angeles Stock Exchange. Mr. Wesley was formerly manager of the statistical department of the Los Angeles office of J. A. Hogle & Co., was with Sutro & Co., and was manager of the statistical department of the local office of Post & Flagg.

Growth Industry

Air transportation is America's fastest growing industry, White & Company, Mississippi Valley Trust Building, St. Louis, Mo., states in a discussion of Mid-Continent Airlines which offers interesting possibilities for appreciation currently and after the war the firm believes. Copies of this study and comparative figures on bank and insurance stocks may be had from White & Company upon request.

Fire Losses

Huff, Geyer & Hecht, 67 Wall Street, New York City, have issued an interesting summary of fire losses, classiflying fires and causes and the outlook for reduction of losses. Also discussed are the favorable prospects for ocean marine underwriting.

Copies of this interesting bulletin and a study of Continental Casualty Company may be had from Huff, Geyer & Hecht upon request.

MANUFACTURERS
TRUST COMPANY

Condensed Statement of Condition as at close of business June 30, 1944

RESOURCES

Cash and Due from Banks	$ 368,368,496.12
U. S. Government Securities	974,290,789.40
U. S. Government Insured F. H. A. Mortgages	6,530,344.91
State and Municipal Bonds	17,533,081.85
Stock of Federal Reserve Bank	2,220,300.00
Other Securities	19,769,300.74
Loans, Bills Purchased and Bankers' Acceptances	375,174,898.52
Mortgages	13,324,729.61
Banking Houses	11,950,030.67
Other Real Estate Equities	1,525,508.08
Customers' Liability for Acceptances	3,230,573.68
Accrued Interest and Other Resources	3,723,012.86
	$1,797,641,066.44

LIABILITIES

Preferred Stock	$ 8,009,920.00	
Common Stock	32,998,440.00	
Surplus and Undivided Profits	50,048,133.78	91,056,493.78
Reserves		7,319,482.17
Dividend on Common Stock (Payable July 1, 1944)		824,959.50
Dividend on Preferred Stock (Payable July 15, 1944)		200,248.00
Outstanding Acceptances		3,455,769.15
Liability as Endorser on Acceptances and Foreign Bills		392,521.15
Deposits		1,694,391,592.69
		$1,797,641,066.44

United States Government securities carried at $288,299,475.67 are pledged to secure U. S. Government War Loan Deposits of $262,947,502.25 and other public funds and trust deposits, and for other purposes as required or permitted by law.

DIRECTORS

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EDWIN J. BEINECKE
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Both Common and Preferred shares have a par value of $20 each. The Preferred is convertible into and has a preference over the Common to the extent of $50 per share and accrued dividends.

Lord Keynes Outlines Plan For International Bank

(Continued from page 66)

in view except the institution of this bank. Yet this is a matter of the utmost urgency and importance where we should, therefore, press forward to reach agreement on methods and on details. We do not know the date of the complete liberation of the occupied countries of Europe and Asia. But we are now entitled to hope that it will be not unduly delayed. We should be bitterly failing in duty if we were not readily prepared for the days of liberation. The countries chiefly concerned can scarcely begin to make their necessary plans until they know upon what resources they can rely. Any delay, any avoidable time lag will be disastrous to the establishment of good order and good government, and may also postpone the date at which the victorious armies of liberation can return to their homelands.

"I cannot, therefore, conceive," he continued, "a more urgent, necessary and important task for the delegates of the 44 nations here assembled. I am confident that the members of the Commission of which I have the honor to be the chairman will devote themselves to their work in a spirit of full responsibility, well aware how much depends on their success.

"It is likely, in my judgment, that the field of reconstruction from the consequences of war will mainly occupy the proposed bank in its early days. But as soon as possible, and with increasing emphasis as time goes on, there is a second primary duty laid upon it, namely, to develop the resources and productive capacity of the world, with special attention to the less developed countries, to raising the standard of life and the conditions of labor everywhere, to make the resources of the world more fully available to all mankind, and so to order its operations as to promote and maintain equilibrium in the international balances of payments of all member countries. These two purposes deserve particular emphasis, but are not exclusive or comprehensive. In general, it will be the duty of the bank, by wise and prudent lending, to promote a policy of expansion of the world's economy in the sense in which this term is the exact opposite of inflation. By 'expansion' we should mean the increase of resources and production in real terms, in physical quantity, accompanied and facilitated by a corresponding increase of purchasing power. By "inflation" on the other hand, we should mean the increase of purchasing power corresponding to which there is no accompanying increase in the quality of production. The bank will promote expansion and avoid inflation. Under the proposals to be brought before you, the bank will be free to operate along three different lines.

"A certain part of the fund's subscribed capital will be called up and will be available for direct lending by the bank for approved purposes in the currencies of the contributing members.

"But the greater part of its subscribed capital will be held as a reserve fund with which to guarantee two other types of operations.

"The first type of loan eligible for such guarantee will be loans for suitable purposes and on suitable terms issued through the ordinary channels of the investment market where on account of the risks involved there would be difficulty otherwise in placing the loan on terms which the borrowing country could afford to pay.

"The second type of loan secured by the assets and subscribed capital of the bank will also be placed through the ordinary channels of the investment market but will be offered on the bank's behalf in its own name. The proceeds of such loans will then be re-lent by the bank to borrowing countries on terms and for purposes to be directly agreed with them. The proceeds of both these types of loan would be freely available for the borrower to make purchases in any member country with due regard to economy and efficiency.

"Let me now explain the nature of the proposed guarantee: for this is of a novel character which may be regarded as marking in a particularly significant way the international character of the proposed institution.

"It is evident that only a few of the member countries will be in possession of an investable surplus available for overseas loans on a large scale, especially in the years immediately following the war. It is in the nature of the case that the bulk of the lending can only come from a small group of the member countries, and mainly from the United States. How then can the other member countries play their proper part and make their appropriate contribution to the common purpose?

"Herein lies the novelty of the proposals which will be submitted to you. Only those countries which find themselves in a specially favored position can provide the loanable funds. But this is no reason why these lending countries should also run the whole risk of the transaction. In the dangerous and precarious days which lie ahead, the risks of the lender will be inevitably large and most difficult to calculate. The risk premium reckoned on strict commercial principles may be beyond the capacity of an impoverished borrower to meet, and may itself contribute to the risks of ultimate default. Experience between the wars was not encouraging. Without some supporting guarantee, therefore, loans which are greatly in the interests of the whole world, and indeed essential for recovery, may prove impossible to float.

"Yet, as I have said, there is no reason in a case like this, where the interests of all countries alike, whether lenders or borrowers, or exporters, are favorably affected, why the unavoidable risks should fall exclusively on the lenders, for example, the investors or the Government of the United States, if it turns out that they are the chief source of available funds.

"The proposal is, therefore, that all the member countries should share the risk in proportions which correspond to their capacity. The guarantees will be joint and several, up to the limit of any member's subscription so that the failure of any member to implement his guarantee will not injuriously affect the lender so long as the bank has other assets and subscriptions to draw upon resources which will, according to our proposals, be of considerable dimensions. Moreover, it is proposed that every member country should undertake to provide gold or free exchange up to the full amount of its subscription, in so far as it is called upon under its guarantee: therefore the quality of the bonds thus guaranteed should be of the first order—at any rate they will be a great deal better than in the case of many borrowing countries that there would be any hope of offering otherwise than under the auspices of the new institution.

"The bonds will be good for several different reasons. In the first place, they will have behind them the vast resources of the bank available in gold or free exchange. In the second place, the proceeds will be expended only for proper purposes and in proper ways, after due inquiry by experts and technicians, so that there will be safeguards against squandering and waste and extravagance, which were not present with many of the ill-fated loans made between the wars. In the third place, they will carry the guarantee of the borrowing country and this borrower will be under an overwhelming motive to do its best and play fair, for the consequences of improper action and avoidable default to so great an institution will not be lightly incurred.

"But there is also a fourth safeguard of great importance to the guaranteeing countries as well as to the lenders.

"There are two reasons for hoping that the guranators will not find themselves under any insupportable or burdensome liability. In the first place, a guarantee will relate to the annual servicing of the loan for interest and amortization. Its implementation will therefore be spread over a period corresponding to the term of the loan and cannot fall due suddenly as a lump sum obligation. In the second place, there is an interesting and essential feature of the proposals in the shape of a commission payable by the borrower in return for its guarantee. It is suggested that for long-term loans of the normal character this commission should be at the rate of 1% per annum. This rate of commission should be the same for all members alike, for it would be a mistake, and worse than a mistake, to attempt the invidious task of discriminating between members and assessing their credit-worthiness in what is really a mutual pool of credit insurance amongst a group acting in good faith, indeed, in the old language of insurers consecrated by tradition, in the spirit of **uberrima fides,** of good faith complete, abundant and overflowing. This commission should not be an excessive burden on the borrower. One percent added to the interest appropriate to a loan guaranteed by the bank will not be onerous. On the other hand, the annual receipts from the commission will greatly augment the free reserves of the bank available to meet its obligations before calling on the guarantors. The bank should aim at so conducting its business that there would be a good hope of the pool of commis-

MEMBER OF FEDERAL RESERVE SYSTEM

1870

MEMBER OF NEW YORK CLEARING HOUSE ASSOCIATION

The CONTINENTAL
BANK & TRUST COMPANY
of NEW YORK

STATEMENT OF CONDITION
Close of Business June 30, 1944

RESOURCES

Cash and Due from Banks	$27,948,382.97
U. S. Government Obligations	77,717,110.30
New York City Securities	6,422,620.03
Other Securities	3,006,125.81
Federal Reserve Bank Stock	240,000.00
Loans and Discounts	51,626,931.96
Accrued Interest Receivable	500,746.33
Customers' Liability Under Acceptances Outstanding	869,598.34
Other Assets	99,792.35
	$168,431,308.09

LIABILITIES

Capital Stock	$4,000,000.00	
Surplus Fund	4,000,000.00	
Undivided Profits	1,508,651.19	$9,508,651.19
Dividend Payable July 1, 1944		80,000.00
Other Liabilities		500,966.44
Acceptances:		
Outstanding	$2,953,787.93	
Less Amount in Portfolio	1,769,546.64	1,184,241.29
Deposits		157,157,449.17
		$168,431,308.09

Securities carried at $35,433,358.91 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

MAIN OFFICE: 30 BROAD STREET, NEW YORK
Branch Offices: 345 MADISON AVENUE · 512 SEVENTH AVENUE
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

CHEMICAL
BANK
&
TRUST COMPANY
Founded 1824
165 Broadway, New York

CONDENSED STATEMENT OF CONDITION
At the close of business, June 30, 1944

ASSETS

Cash and Due from Banks	$282,097,403.68
U. S. Government Obligations, Direct and Fully Guaranteed	710,300,106.83
Bankers' Acceptances and Call Loans	99,874,583.74
State and Municipal Bonds	69,358,778.61
Other Bonds and Investments	67,092,926.58
Loans and Discounts	171,174,963.35
Banking Houses	389,793.50*
Other Real Estate	2,187,805.71*
Mortgages	567,600.83
Credits Granted on Acceptances	914,690.00
Other Assets	4,390,852.27
	$1,408,349,505.10

LIABILITIES

Capital Stock	$20,000,000.00	
Surplus	55,000,000.00	
Undivided Profits	8,558,020.36	
Unallocated Reserves	7,936,642.03	$91,494,662.39
Reserves for Taxes, Expenses, etc.		2,752,757.39
Dividend Payable July 1, 1944		900,000.00
Acceptances Outstanding	$3,923,337.27	
(Less own acceptances held in portfolio)	2,745,342.58	1,177,994.69
Other Liabilities		305,405.43
Deposits *(including Official and Certified Checks Outstanding $17,753,357.71)*		1,311,718,685.20
		$1,408,349,505.10

Securities carried at $357,554,256.47 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

*} Assessed Valuation $4,757,700.10

Charter Member New York Clearing House Association
Member Federal Reserve System
Member Federal Deposit Insurance Corporation

sions being sufficient by itself to carry it most of the way.

"Here are the broad outlines of the proposals which you will be asked to consider." Lord Keynes stated in his concluding remarks, adding, "there are other aspects and much detail for you to work out. For the bank has not enjoyed so much discussion as has the fund prior to this conference. But I believe that we have before us a proposal the origins of which we owe primarily to the initiative and ability of the United States treasury, conceived on sound and fruitful lines. Indeed, I fancy that the underlying conception of a joint and several guarantee of all the member countries throughout the world, in virtue of which they share the risks of projects of common interest and advantage even when they cannot themselves provide the lump sum loan originally required, thus separating the carrying of risk from the provision of funds, may be a contribution of fundamental value and importance to those difficult, those almost overwhelming tasks which lie ahead of us, to rebuilt the world when a final victory over the forces of evil opens the way to a new age of peace and progress after great afflictions."

Unitive Clearing

(Continued from page 68)

(4) Gold in America to be available on loan or by purchase, through the machinery of the clearing, so that the nations can revert to gold coinages for internal use.

(5) Interest on the bank balances to be guaranteed by a mutual insurance policy covered by a premium paid out of a percentage charge on the turnover of the clearing house.

Note—On a turnover of £35,000,000,000 1% would amount to £350,000,000 and ⅛% to £43,750,000.

(6) The price of gold would be agreed and the weight of gold coins adjusted thereto.

Thus ran the advertisements.

Some months later the Keynes and White proposals were published to the world and provoked much controversy. It may therefore, be instructive to consider how far these discussions on the official proposals affect the validity of the scheme outlined in the advertisements, which suggested establishing by the use of machinery *already in existence* and working to perfection:

(a) A clearing house for international trade.

(b) A gold coinage as the official yardstick of a stable currency.

(c) The re-distribution of gold in America by loan or purchase through the machinery of the clearing.

(d) A mutual insurance policy covered by a premium paid out of a percentage charge on the turnover of the clearing house.

The breakdown of the world's monetary systems can be traced back to two causes. The first, the ignoring by Great Britain in August, 1914, of Gresham's warning that bad money always drives away good money, and the subsequent issue of a flimsy paper pound in place of the gold sovereign, and the second, the withdrawal from circulation of the world's gold by the United States and its burial forthwith in the fortress of Kentucky.

Under the advertised scheme both these actions would be reversed—the first by the resumption of the minting of a British gold sovereign and the second the re-distribution of gold in America by means of loans safeguarded by an insurance policy.

In the light of present misunderstandings, sections (2) and (5) of the scheme require some restatement and explanation, particularly as to the exact nature of the clearing balances which are to be daily settled by credit and debit entries; and the distinction between interest and profit arising out of the mutual insurance policy proposal.

Before going into these details, however, let us first emphasize the fact that a clearing house is instituted for the benefit of the individual trader of the world and it is, therefore, only right that the entire cost of the machinery should be borne by him and not become a burden on the tax payer. The most fruitful method to this end is to charge a small percentage on the cheques each individual cashes through the clearing. This would provide the necessary premium to cover an insurance policy large enough to meet any risk which could possibly arise in the course of international trade. Moreover, the cost to the trader would be less than he would have to pay for collection in present circumstances; it would fall equally on traders of all lands and, therefore, advantage no one and it would not only safeguard any finance necessary to carry on trade, but would also provide a sum sufficient to supply interest and sinking fund on those international balances of debt that arise out of the few cases where nations trade as nations, as must happen in wartime and other similar circumstances. This turnover tax is, in fact, a key point in the scheme and its advantages cannot be over estimated.

To return to the question of balances of payment, international finance is divided into two categories:

(1) Where nations trade as nations.

(2) Where individuals trade with individuals of other nationalities.

So far as the first is concerned, these chiefly arise out of war and are comparatively rare. These debts can be settled at the termination of this war on the principle of clearing them and satisfying the balances by an apportionment of a percentage of the turnover tax so that victor, vanquished, neutral and non-belligerent alike bear the cost of the wars in proportion as they prosper hereafter.

In the second and more important category where the future is at stake and real trade is concerned, individuals deal with individuals of other nations. In these ordinary commercial transactions, no balances of payment result when clearing trading transactions, provided that money is stabilized on a common basis throughout. Clearing balances merely represent the possession or non-possession of assets by the various banks concerned and are not the result of borrowing and lending transactions. Therefore these balances are not in any sense debts between nations but are analagous to the daily fluctuations in the stock-in-trade of an ordinary commercial undertaking. Stable money is secured under the scheme by the adoption of the gold parities within the clearing, thus providing all nations with good money once again and giving everyone a fresh start in life on equal terms. The gold reserves of the world could be held in future in Kentucky, their ownership changing hands by credit and debit entries in London, for nobody wants the gold if they are confident it could be had for the asking. All international transactions would, in that event, be settled in London backed by the gold reserves held in the United States and stabilized on the price of gold, which in future would be the keystone on which the prices of commodities would vary in harmony with the law of supply and demand.

It is well here to state clearly that such a gold standard does not involve any obligation to pay for goods in gold. All it means is that when one class of goods is exchanged for another the quantities of each class thus exchanged are determined by ascertaining the value of each by comparing both with gold. The amount of gold available in the world does not enter into the calculation. Gold is simply the yardstick by which both goods and money are measured and is only required physically if used in the

(Continued on page 92)

GRACE NATIONAL BANK
OF NEW YORK
HANOVER SQUARE, NEW YORK

Statement of Condition, June 30, 1944

RESOURCES

Cash in Vault and with Banks	$16,049,263.80
Demand Loans to Brokers, Secured	2,620,000.00
U. S. Government Securities	37,747,589.70
State, Municipal and other Public Securities	3,207,142.19
Other Bonds	182,866.94
Loans and Discounts	16,981,036.00
Stock of Federal Reserve Bank	135,000.00
Customers' Liability for Acceptances	244,571.08
Accrued Interest and Other Assets	375,924.14
	$77,543,393.85

LIABILITIES

Capital Stock	$2,000,000.00	
Surplus	2,500,000.00	
Undivided Profits	666,388.34	$ 5,166,388.34
Deposits*		70,082,422.03
Certified and Cashier's Checks		1,418,466.49
Acceptances		282,279.68
Reserve for Contingencies, Interest, Expenses, etc.		593,837.31
		$77,543,393.85

* Includes U. S. Government Deposits aggregating $14,216,884.69

DIRECTORS

HUGH J. CHISHOLM
President, Oxford Paper Co.

ROBERT J. CUDDIHY
Vice-President and Treasurer, Funk & Wagnalls Company

CHESTER R. DEWEY
President

DAVID DOWS
New York

ROBERT E. DWYER
Executive Vice-President Anaconda Copper Mining Company

D. S. IGLEHART
President, W. R. Grace & Co.

CLETUS KEATING
Kirlin, Campbell, Hickox, Keating & McGrann

D. C. KEEFE
President, Ingersoll-Rand Company

DAVID M. KEISER
President, The Cuban-American Sugar Company

HAROLD KINGSMILL
President, Cerro de Pasco Copper Corporation

W. H. LA BOYTEAUX
President, Johnson & Higgins

CLARK H. MINOR
President, International General Electric Co., Inc.

WILLIAM M. ROBBINS
Vice-President, General Foods Corporation

HAROLD J. ROIG
President, Pan American-Grace Airways, Inc.

J. E. ROUSMANIERE
New York

JAMES H. SHARP
Vice-President

The Grace name has been identified with domestic and international banking and commerce for almost a century.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BANKERS TRUST COMPANY
NEW YORK

CONDENSED STATEMENT OF CONDITION, JUNE 30, 1944

ASSETS

Cash and Due from Banks	$ 304,879,898.80
U. S. Government Securities	1,028,566,970.09
Loans and Bills Discounted	453,828,399.90
State and Municipal Securities	13,283,392.96
Other Securities and Investments	44,959,359.66
Real Estate Mortgages	548,434.47
Banking Premises	15,708,075.14
Accrued Interest and Accounts Receivable	4,885,473.16
Customers' Liability on Acceptances	466,223.63
	$1,867,126,227.81

LIABILITIES

Capital	$25,000,000.00	
Surplus	75,000,000.00	
Undivided Profits	28,429,970.51	$128,429,970.51
Dividend Payable July 1, 1944		875,000.00
Deposits		1,731,284,720.33
Accrued Taxes, Interest, etc.		5,338,394.83
Acceptances Outstanding	$497,078.32	
Less Amount in Portfolio	234.61	496,843.71
Other Liabilities		701,298.43
		$1,867,126,227.81

Securities in the above statement are carried in accordance with the method described in the annual report to stockholders, dated January 13, 1944. Assets carried at $566,399,921.20 have been deposited to secure deposits, including $543,458,592.87 of United States Government deposits, and for other purposes.

Member of the Federal Deposit Insurance Corporation

Unitive Clearing

(Continued from page 91)

form of coinage.

A clearing is not a bank. It has nothing to do with lending or borrowing. It is merely a machine set up by bankers as a convenient method of collecting payment of cheques instead of having to present them separately at the counter of the various offices.

Every branch of a bank is a clearing house in itself so far as its own customers are concerned. If one customer gives another customer a cheque it is "cleared" at the bank by crediting one account and debiting another. This avoids first cashing the cheque and then paying in the cash to the credit of the second account, thus doing away with the necessity to use gold. This is the basic principle of clearing. The system has been largely developed by the clearing banks concerned all keeping accounts with the Bank of England and cheques being cleared in bulk by credit and debit entries at that bank. It can obviously be further developed overseas by clearing banks agreeing to keep clearing accounts at an agreed head office bank at stabilized exchanges.

A clearing only deals with cheques which are honoured on presentation. If any cheque is dishonoured it is returned by the clearing to the banker who pays it in, to be dealt with by him. The clearing only accounts for cheques which are duly paid. It has no interest in what happens to unpaid cheques. There are, therefore, no balances of payment or overdrawn accounts in such clearing operations if the exchanges are stabilized once and for all time so far as the clearing house is concerned. A universal clearing house provides the central point at which all cheques which are not cleared at intermediary stages can be dealt with at a single operation.

The Keynes and White plans confuse the whole issue by mixing up banking with clearing, instead of keeping them as separate institutions. The re-distribution of gold to the world is a banking operation which should be undertaken by the United States themselves under the safeguard of a mutual insurance policy, whilst the clearing of trade payments at stabilized rates could best be carried through by the clearing house in London, thus reviving the functions of the old Bill of Exchange on London.

If Great Britain re-issues the gold sovereign as a yardstick for valuing goods and services, all transactions would be settled by credits or, in special cases, by gold sovereigns in London. This does not mean that gold could be sent out of Great Britain to other nations. The gold sovereign is not exportable and only circulates in Great Britain, but its ownership can change hands *in London* in the same manner as the bank balances of different customers change hands within the routine of the same bank. The gold sovereign in Great Britain provides the means of stabilizing all currencies and reducing them to a common currency without the drawback of anything so unpractical as international control.

A clearing is a bit of pure mechanism into which the human element does not enter. A calculating machine is all that is necessary. Gold is but a yardstick of values.

The curious objection has been raised in high quarters that our nation has no means of obtaining enough gold to resume the minting of the sovereign and, therefore, we must continue to use the printing press. This displays a very peculiar mentality on the part of the authorities as, if we have neither the resources nor the credit to obtain the necessary gold or whatever other metal is required, what right have we to continue to print worthless paper money in quantity without adequate backing. In private life we do not tolerate a man living in luxury by running up bills with his tradesmen knowing full well he has no means of meeting them: or a man with an overdrawn account and a cheque book continuing to draw cheques he knows are worthless.

Apart from this fundamental question of honest money there should in fact be no difficulty in obtaining the gold, as the essence of the proposed scheme is to distribute the £7,000,000,000 of buried gold by loans from the United States, guaranteed by the mutual insurance fund. A 1% premium on the turnover of international trade would probably provide a mutual insurance income of some £350,000.000 a year, of which our nation's bonus proportion could not well be less than £25,000,000, so we should have ample security and could easily afford to borrow, say, £500,000,000 at 1¼% to 2½% and still have a handsome margin of profit left in hand. The cost of going back to a gold coinage could no doubt in practice be arranged with far less expenditure, and the sacrifice well worth while.

At any rate, if we could afford a gold coinage in 1914 we can afford it today, when ten shillings worth of gold in 1914 takes the place of twenty shillings in the paper pound of 1943.

Taking all these considerations into account it can safely be contended that the advertised scheme for the advent of sound money and free access to raw materials is drawn up on sound practical lines and meets in a simple straightforward manner the needs of the world today far better, indeed, than the Keynes and White variants. It will not, of course, satisfy the ambitions of those politicians and economists who seek to transfer the control of the destiny of the nations into hands untutored by experience in practical life, but in a commonplace world it meets the needs of the common man in a commen-sense manner. It also preserves the sovereign rights and dignity of all nations and the liberties of their individual citizens.

The
Marine Midland Trust Company
of New York

STATEMENT OF CONDITION AS OF JUNE 30, 1944

RESOURCES

Cash and Due from Banks . . .	$71,923,847.24
United States Government Obligations *(Par Value $123,275,000.00)* . . .	123,234,287.46
Short Term State and Municipal Bonds	1,084,557.13
Stock of Federal Reserve Bank . .	450,000.00
Other Bonds and Investments . .	2,665,662.60
Demand Loans Secured by Collateral	39,266,455.90
Time Loans and Bills Discounted .	52,197,318.14
Real Estate Mortgages	3,104,326.91
Customers' Liability for Acceptances .	329,578.57
Accrued Interest and Other Assets .	746,152.20
	$295,002,186.15

LIABILITIES

Capital	$5,000,000.00	
Surplus	10,000,000.00	
Undivided Profits . .	2,310,224.46	$17,310,224.46
Reserves		953,028.69
Acceptances		382,795.23
Other Liabilities		386,961.01
Deposits		275,969,176.76
		$295,002,186.15

Securities carried at $60,442,582.52 in the above statement are pledged to secure U. S. War Loan Deposits of $54,823,316.41 and other public deposits and for other purposes required by law.

DIRECTORS

FREDERICK BEERS
Vice President, National Biscuit Co.
JAMES G. BLAINE, *President*
EDGAR H. BOLES
President, General Reinsurance Corp.
SAMUEL S. CONOVER
Chairman, Executive Committee
CHARLES H. DIEFENDORF
President, The Marine Trust Company of Buffalo
EDWARD L. FULLER
President, International Salt Co.
PAUL H. HUSTED
JOHN G. JACKSON
Jackson, Nash, Brophy, Barringer & Brooks; Chairman, American Viscose Corporation
FRANK A. KETCHAM
SEYMOUR H. KNOX
Chairman of the Board, The Marine Trust Co. of Buffalo
EDWARD H. LETCHWORTH
Kenefick, Cooke, Mitchell, Bass & Letchworth, Buffalo
F. A. McKOWNE
President, Hotels Statler Company, Inc.
BAYARD F. POPE
Vice Chairman, Executive Committee
EUSTACE SELIGMAN
Sullivan & Cromwell
HAMPDEN E. TENER
Chairman of the Board, Irving Savings Bank
HARRAL S. TENNEY
Vice President and Secretary
CLOUD WAMPLER
President, Carrier Corporation
HENRY J. WYATT
Vice President, Crum & Forster, Inc.

MAIN OFFICE—120 BROADWAY
128 Chambers Street 110 William Street 143 Liberty Street
17 Battery Place 12 E. 45th Street
Member Federal Deposit Insurance Corporation

Significant And Insignificant Happenings At Bretton Woods

(Continued from page 67)

Somers appear on delegates' list as "technical advisers." Apparently Reed hase not yet arrived. Somers is here and there, with no announced function. Somers and Reed are definitely not delegates.

* * *

Strategy in the House is likely to be to ask separation of fund and bank legislation for committee purposes: Fund for Coinage Committee; Bank for Banking Committee. Chairman Spence of the Banking Commttee told this observer: "The Bank and the Fund are so closely interrelated, it seems to me the whole matter must be referred to a single committee. Under House precedents, I have no doubt that that committee is Banking and Currency. Would be folly to split these intimately related subjects up. Hearings on the one would be germane and pertinent to other. Weight and 'fineness" are only two or many aspects of money. Our most important monetary stock is check-book money."

* * *

The argument for separating Bank and Fund will be that the two billion American stabilization fund of 1934 was handled by the Coinage Committee.

Although Coinage Members have no power at Bretton Woods, there is reason to believe its chairman is very receptive to bimetallism. Coinage Committee gave birth in the thirties to Dies bill, which emerged as the Silver Purchase Act of 1934. While the American delegation here as such, and certainly Treasury officials, are giving no sign of favor for silver, some individual delegates who are members of Congress hint a willingness to placate American silver bloc at the conference with at least a "gesture." Arguments are: "Cannot ignore the silver bloc's strength;" "Subsidy, now by America alone, would be shared by all member nations," etc.

* * *

Private talks with Chinese, Indian and Near Eastern and other delegates reveal entire indifference to bimetallism arguments, but as guests here they are reticent to get involved in American politics by other than off-the-record comments. Chinese here much prefer gold to silver but, like India's Nationalists want to manage own currency.

* * *

Recall silver "gesture" at London conference used by F. D. R. to justify 1933 silver proclamation, which subsidy is now permanent statute.

* * *

They say that the Chinese people multiply rapidly. Certainly that trait seems to be in evidence insofar as concerns the Chinese contingent at this conference. Already the largest delegation here, numbering an estimated forty or more, it is reportedly larger than the preliminary list reveals. What's behind this is the Chinese traditional desire for "face," which is the Far Eastern word for prestige. The Chinese have the strange idea that to have a large delegation here enhances their standing in the eyes of the world.

The incomplete provisional list of delegates lists 33 as representing China, including two American advisors. In contrast, the same list names only fifteen Britishers.

* * *

Among the delegations is that of Liberia and that of Ethiopia. . . . Guatemala is represented by a single delegate, who describes himself as Manuel Noriega Morales, "postgraduate student in economic sciences, Harvard University, Chairman." Other Guatemalan delegates there are none. Sr. Noriega is apparently chairman of himself.

* * *

Of course—you guessed it—there will be a subcommittee on silver.

* * *

The Danish Minister and an advisor are listed as attending, not as delegates, but as observers.

* * *

Senator Tobey, whom the Administration reportedly tried so hard to by-pass in selecting a Republican Senator to come here, today surprised most people by his speech ending: "Gentlemen, we **must** not, we **cannot**, we **dare** not fail. The hopes and aspirations of the common people of each of our countries rests in us." Tobey's third-of-July oration, which quoted Maxwell Anderson's play and Madame Chiang Kai-shek, overlooked Shakespeare. In view of Tobey's strong concluding sentiment, one might well ask—with apologies to the bard of Avon—"To-bey or not To-bey, that is the question."

Tobey's quotation of China's "Missimo" reveals how far-reaching has been the influence of her visit to this country.

* * *

In view of the prominent part in the proposed monetary Fund attributed to gold, and the injection of silver into the agenda by various producing interests, it is interesting to note from the official list that the American delegation includes a Goldenweiser and a Silvermaster. Goldenweiser is the widely respected chief economist of the Federal Reserve Board. Mr. Silvermaster, we learn from the list, is with the Department of Agriculture.

* * *

We are a bit curious to know just why the Agricultural Department is represented on the American Staff by two persons, the Department of Labor by one, the Budget Bureau by one, and the OWI by an "assistant to the chairman."

* * *

Included as one of the chief American delegates is Dr. Mabel Newcomer, Vassar College professor of taxation. Since, apart from hotel employees and the newspaper reporters, those here are all attending in an official capacity, may it be assumed that Miss Newcomer represents John Q. Taxpayer, who has a very direct interest in this gathering? Just before the writer left Washington, a friend remarked: "I am much interested in the Bretton Woods conference, as my taxes today are as much in a month as they were three years ago in a whole year."

* * *

In political and diplomatic documents one must read

Delegates To The United Nations Monetary And Financial Conference

(Continued from page 69)

eral Manager, Chilean Nitrate Sales Corporation.

China

Hsiang-Hsi Kung, Minister of Finance, *Chairman;* Tingfu F. Tsiang; Ping-Wen Kuo; Victor Hoo, Vice Minister for Foreign Affairs; Yee-Chung Koo, Vice Minister of Finance; Kuo-Ching Li; Te-Mou Hsi; Tsu-Yee Pei, General Manager, Bank of China Te-Liang Soong.

Colombia

Carlos Lleras Restrepo, Former Minister of Finance and Comptroller General, *Chairman;* Miguel Lopez Pumarejo, Former Ambassador to the United States, Manager Caja de Credito Agrario, Industrial y Minero; Victor Dugand, Banker.

Costa Rica

Francisco de P. Gutierrez Ross, Ambassdor to the United States, Former Minister of Finance and Commerce, *Chairman;* Luis Demetrio Tinoco Castro, Dean, Faculty of Economic Sciences, University of Costa Rica, Former Minister of Finance and Commerce, Former Minister of Public Education; Fernando Madrigal.

Cuba

Eduardo Montoulieu, Minister of Finance, *Chairman.*

Czechoslovakia

Ladislav Feierabend, Minister of Finance, *Chairman;* Jan Mladek, Member of the Staff of the Czechoslovak Ministry of Finance, Deputy Chairman; Josef Hanc, Consul General and Chief of the Czechoslovakia Economic Services in the United States of America, New York; Ervin Hexner, Professor of Economics and Political Science, University of North Carolina; Antonin Basch, Member of the Department of Economics, Columbia University.

Dominican Republic

Anselmo Copello, Ambassador to the United States, *Chairman;* J. R. Rodriguez, Minister Counselor, Embassy of the Dominican Republic, Washington.

Ecuador

Esteban F. Carbo, Financial Counselor, Ecuadoran Embassy, Washington, *Chairman;* Sixto E. Duran Ballen, Minister Counselor, Ecuadoran Embassy, Washington.

Egypt

Sany Lackany Bey, *Chairman;* Mahmoud Saleh El Falaky; Ahmed Selim.

El Salvador

Agustin Alfaro Moran, *Chairman;* C. Gamero Raul; Victor Manuel Valdes.

Ethiopia

Blatta Ephrem Tewelde Medhen, Minister to the United States, *Chairman;* George Blowers, Governor, State Bank of Ethiopia.

French Committee of National Liberation

Pierre Mendes-France, Commissioner of Finance, *Chairman;* Andre Istel, Technical Adviser.

Greece

Kyriakos Varvaressos, Governor of the Bank of Greece, Ambassador Extraordinary for Economic and Financial Matters, *Chairman;* Alexander Argyropoulos, Minister Resident, Director, Economic and Commercial Division, Ministry of Foreign Affairs; Athanase Sbarounis, Director General, Ministry of Finance, Alternate Delegate to the UNRRA.

Guatemala

Manuel Noriega Morales, Post-Graduate Student in Economic Sciences, Harvard University, *Chairman.*

Haiti

Andre Liautaud, Ambassador to the United States, *Chairman;* Pierre Chauvet, Under Secretary of State for Finance.

Honduras

Julian R. Caceres, Ambassador to the United States, *Chairman.*

Iceland

Magnus Sigurdsson, Manager National Bank of Iceland, *Chairman;* Asgeir Asgeirsson, Manager, Fisherer's Bank of Iceland; Sveinbjorn Frimannsson, Chairman, State Commerce Board.

India

Sir A. J. Raisman, Member for Finance, Government of India, *Chairman;* Sir Theodore E. Gregory, Economic Adviser to the Government of India; Sir Shanmukham Chetty; Sir Chintaman D. Deshmukh, Governor, Reserve Bank of India; A. D. Shroff.

Iran

Abol Hasan Ebtehai, Governor of National Bank of Iran, *Chairman;* A. A. Daftary. Counselor Iranian Legation, Washington; taghi Nassr, Iranian Trade and Taghi Nassr, Iranian Trade and Economic Commission, New York.

Iraq

Ibrahim Kamal, Former Minister of Finance, *Chairman;* (Ali Jawdat, Minister to the United States, Chairman Temporarily, in the event the Chairman Designate should arrive late); Ibrahim Al-Kabir, Accountant General, Ministry of Finance; Claude E. Lumb, Secretary of Iraqi Committee for Exchange Control; Lionel M. Swan, Adviser to the Minister of Finance.

Liberia

William E. Dennis, Secretary of the Treasury, *Chairman;* Walter F. Walker, Consul General, New York; James F. Cooper, Former Secretary of the Treasury.

Luxembourg

Huges Le Gallais, Minister to the United States, *Chairman.*

Mexico

Eduardo Suarez, Minister of Hacienda, *Chairman;* Antonio Espinosa de los Monteros, Head, Nacional Financiera, S. A.; Rodrigo Gomez, Manager, Bank of Mexico; Daniel Cosio Villegas, Chief, Department of Economic Studies, Bank of Mexico.

Netherlands

J. W. Beyen, Financial Adviser to The Netherlands Government, *Chairman;* D. Crena De Iongh, President of the Board for The Netherlands Indies, Surinam, and Curacao in the United States; H. Riemens, Financial Attache, Netherlands Embassy, Washington, Financial Member of The Netherlands Economic, Financial and Shipping Mission in the United States; A. H. Philipse, Member of The Netherlands Economic, Financial and Shipping Mission, Washington

New Zealand

Walter Nash, Minister of Finance, Minister to the United States, *Chairman;* Bernard Carl Ashwin, Secretary of the Treasury; Edward C. Fussell, Deputy Governor, Reserve Bank of New Zealand; Alling B. Fisher, Counselor, New Zealand Legation, Washington; Bruce R. Turner, Second Secretary, New Zealand Legation, Washington.

Nicaragua

Guillermo Sevilla Sacasa, Ambassador to the United Statees, *Chairman;* J. Jesus Sanchez Roig, Secretary Board of Directors, National Bank of Nicaragua; Leon de Bayle, Former Ambassdor to the United States.

Norway

Wilhelm Keilhau, Director, Bank of Norway, London, *Chairman;* Ole Colbjornsen, Financial Counselor, Norwegian Embassy, Washington; Arne Skaug, Commercial Counselor, Norwegian Embassy. Washington.

Panama

Guillermo Arango, President, Investors Service Corporation of Panama, *Chairman;* Narciso E. Garay, First Secretary, Panamanian Embassy, Washington.

Paraguay

Celso R. Velazques, Ambassador to the United States, *Chairman;* Nestor M. Campos Ros, First Secretary, Paraguayan Embassy, Washington.

Peru

Pedro Beltran, Ambassador-Designate to the United States, *Chairman;* Andres F. Dasso, Senator from Lima; Alberto Alvarez Calderon, Senator from Lima; Manuel L. Llosa, Second Vice-President of the Chamber of Deputies, Deputy from Cerro de Pasco; Juvenal Monge, member of the Chamber of Deputies from Cuzco; Juan Chavez, Minister, Commercial Counselor, Peruvian Embassy, Washington.

Philippines

Andres Soriano, Secretary of Finance of the Philippine Commonwealth, *Chairman;* Jaime Hernandez, Auditor General of the Philippine Commonwealth; Joseph H. Foley, Manager, Philippine National Bank, New York Agency, Philippine Commonwealth.

Poland

Ludwik Grosfeld, Minister of Finance, *Chairman;* Leon Baranski, Director General Bank of Poland; Zygmunt Karpinski, Director, Bank of Poland; Stanislaw Kirkor, Director, Ministry of Fi-

(Continued on page 94)

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between the lines. There is usually an exit, although not always lighted up in red. In the recent manifesto of a group of Republican congressmen headed by Charles S. Dewey of Illinois and directed against the monetary plan now under discussion here, there is an "out." And so with Senator Tobey's speech, maybe, when he states: "The specific task assigned to us is to formulate a PRACTICAL plan. . . ." (Emphasis mine).

* * *

K. C. Li, N. Y. Chinese businessman on the still growing and largest foreign delegation here, addresses Warren Lee Pierson of the Export-Import Bank as "Warren."

* * *

Many of the Chinese here have come for education and to make contacts, as much as to give China imagined "face" by outnumbering the others.

Presence here of unnecessary foreigners has irritated some members of the American delegation and American newspapermen, because of the extreme shortage of sleeping accommodations. The result has been that American staff and the press have had to be lodged miles away from Bretton Woods, and with automotive transportation scarce, they are put to much inconvenience. Some have even missed breakfast for lack of transportation, since the press, sleeping at Twin Mountain, may eat only at Bretton Woods.

Naturally, there are no private rooms for the press. Reporters have to sleep two in a room. Roosevelt was right. The press is not sleeping with the delegates.

* * *

India and Canada are ice cold on the bimetallism propaganda here. . . . Washington stenographers on the conference staff are having the time of their lives at the gorgeous Mt. Washington Hotel, where non-conference rates are something like $20 a day. . . . Some of the girls cannot conceal their glee, while here and there is one who shows that mingling with the big names in the lobby and elsewhere has gone to her head.

* * *

Reason why Keynes has not yet held a press conference it not officially announced. When he holds one, it is expected to be in conjunction with one of Harry White's daily coferences. Were Keynes to meet the press alone, without having White handy, some reporters not "men of good will" might twist something Dr. White had said to get from Keynes a reaction that, in the newspapers, would look like a conflict with the American Treasury.

* * *

Keynes usually takes his meals in the main dining room at a table for two. He is accompanied to the conference by Lady Keynes. . . . Mrs. Morgenthau is here with the Secretary. . . . And Mrs. Warren Lee Pierson, who has traveled so extensively with her husband on his many trips to all parts of the world, adds vivacity to the feminine contingent. . . . Some of the foreign delegates, too, have brought their wives, among them Mr. K. C. Li and several of the Latin Americans.

* * *

Senator Tobey commented to me: "It would not be part of wisdom to inject the silver issue into this conference. The conference issues are clear cut, agenda covering currency stabilization and international bank in that order. Collateral issues which might seem blithely tossed into this important world gathering, for the certain result would be to nullify the conference's objectives."

* * *

Harry White disclosed a special silver committee of the conference will be appointed at the request of silver producing interests. Asked which ones, he referred reporters to silver producing statistics.

It is common knowledge that Mexico heads the silver agitation here.

HERBERT M. BRATTER.

THE PUBLIC NATIONAL BANK
AND TRUST COMPANY OF NEW YORK
Main Office, 37 Broad Street

CONDENSED STATEMENT OF CONDITION
at the close of business, June 30, 1944

RESOURCES

Cash and Due from Banks	$ 69,939,163.48
U. S. Government Obligations	208,057,120.41
State, Municipal and Corporate Bonds	7,541,099.73
Loans and Discounts	93,696,074.45
Customers' Liability under Acceptances	1,304,566.51
Banking Houses	1,992,587.86
Other Real Estate Owned	55,143.66
Federal Reserve Bank Stock	480,000.00
Accrued Interest Receivable	674,174.94
Other Assets	127,025.93
TOTAL	$383,866,956.97

LIABILITIES

Capital	$7,000,000.00	
Surplus	9,000,000.00	
Undivided Profits	3,881,305.74	$19,881,305.74
Dividend Payable July 1, 1944		150,000.00
Unearned Discount		303,800.66
Reserved for Interest, Taxes, Contingencies		3,018,234.79
Acceptances Outstanding	$2,256,560.50	
Less: Own in Portfolio	786,631.00	1,469,929.50
Other Liabilities		106,094.62
Deposits		358,937,591.66
TOTAL		$383,866,956.97

Securities with a book value of $52,256,715.17 in the above statement are pledged to secure public and trust deposits (including U. S. War Loan deposits of $50,235,055.54) and for other purposes required or permitted by law.

MEMBER: N. Y. CLEARING HOUSE ASSOCIATION • FEDERAL RESERVE SYSTEM
FEDERAL DEPOSIT INSURANCE CORPORATION

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NOTICE OF REDEMPTION

$40,974,000 Consumers Public Power District, Nebraska, Revenue Bonds

To holders of the following Bonds of the Consumers Public Power District, Nebraska:

NOTICE IS HEREBY GIVEN that the Consumers Public Power District, Nebraska, has called for redemption on

AUGUST 1, 1944

all of the outstanding bonds of the various Divisions of the District named below, the said bonds being called for payment on said date being more particularly described as follows, to-wit:

Columbus Division Revenue Bonds, dated July 1, 1940, of the denomination of $1,000 each, numbered from 201 to 1250, inclusive, bearing interest at the rate of three and one-half per centum per annum.

Southern Nebraska Division Revenue Bonds, dated October 1, 1940, of the denomination of $1,000 each, numbered from 34 to 1098, inclusive, bearing interest at the rate of three and one-quarter per centum per annum.

Elkhorn Valley Division Revenue Bonds, dated November 15, 1940, of the denomination of $1,000 each, numbered from 73 to 850, inclusive, bearing interest at the rate of three per centum per annum.

Northeastern Nebraska Division Revenue Bonds, dated December 15, 1940, of the denomination of $1,000 each, numbered from 341 to 3981, inclusive, bearing interest at the rate of three per centum per annum.

Central Nebraska Division Revenue Bonds, dated January 1, 1941, of the denomination of $1,000 each, numbered from 453 to 6750, inclusive, bearing interest at the rates of two and one-half, two and three-quarters and three per centum per annum.

Eastern Nebraska Division Revenue Bonds, dated April 1, 1941, of the denomination of $1,000 each, numbered from 1041 to 22000, inclusive, bearing interest at the rates of two and one-half, two and three-quarters, three, three and one-quarter and three and one-half per centum per annum.

Western Nebraska Division Revenue Bonds, dated January 1, 1942, of the denomination of $1,000 each, numbered from 238 to 8300, inclusive, bearing interest at the rates of two and one-half, three and three and one-half per centum per annum.

Holders of the aforesaid bonds are notified to present the same at any of the places of payment specified in said bonds on or before August 1, 1944, for redemption at the respective redemption price on said redemption date with respect to each such bond as is set forth on the face thereof, and are further notified that interest will cease to accrue on said bonds after the date so fixed for redemption.

CONSUMERS PUBLIC POWER DISTRICT
By: V. M. JOHNSON,
General Manager.

Dated: July 1, 1944.

DIVIDEND NOTICES

CANCO AMERICAN CAN COMPANY

COMMON STOCK

On June 27, 1944 a quarterly dividend of seventy-five cents per share was declared on the Common Stock of this Company, payable August 15, 1944, to Stockholders of record at the close of business July 20, 1944. Transfer books will remain open. Checks will be mailed.

R. A. BURGER, *Secretary.*

Electric Bond and Share Company

$6 and $5 Preferred Stock Dividends

The regular quarterly dividends of $1.50 per share on the $6 Preferred Stock and $1.25 per share on the $5 Preferred Stock of the Company have been declared for payment August 1, 1944, to the stockholders of record at the close of business July 6, 1944.

L. B. WIEGERS, *Treasurer.*

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on August 1, 1944, to stockholders of record on July 15, 1944. The transfer books will not close.

THOS. A. CLARK
June 22, 1944 TREASURER

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Interest of William H. Combs, partner in Combs, Maxwell & Potter, who died on June 15, ceased as of the same date.

Charles N. Edge, partner in C. N. Edge & Co., died on June 29.

Municipal News & Notes

The Shaker Heights, Ohio, City Council will consider an ordinance on July 10 authorizing municipal acquisition of the Cleveland Interurban Railroad Co. properties. According to an announcement by Mayor William J. Van Aken, the project will require the issuance of $1,300,000 revenue bonds to cover the purchase price and provide $50,000 of working capital. The bonds, he said, would be offered for sale at competitive bidding. Commenting on the proposed purchase, Mayor Van Aken said:

"While I never have been an advocate of municipal ownership, the advantages accruing to Shaker Heights from the transaction are obvious. The rapid transit is our life line. By placing Shaker Square only 11 minutes from downtown Cleveland, it played a vital part in making Shaker Heights America's finest suburb. By bringing it under the control of the community which it serves, we insure the continued operation of our life line in a way dictated only by our own best interests.

"Negotiations and arrangements for the proposed financing have been worked out by the investment firm of McDonald & Co. Mr. C. B. McDonald, a resident of Shaker Heights, made available his firm's services without cost or future commitments of any kind. If or when the bonds are offered in competitive bidding McDonald & Co. should make the highest bid, naturally the bonds will be awarded to them, otherwise not."

Efforts of Shaker Heights to acquire the traction line may be complicated by a local syndicate which also is interested in purchasing the utility for private operation, according to Cleveland press advices of recent date. This possibility is said to have prompted the move toward municipal ownership. The property, it is noted, is owned by several Cleveland banks and was acquired by them through foreclosure in 1937. As one of these institutions is under court jurisdiction during liquidation, sale of the property to the city would require approval of Common Pleas Court.

Atlantic City Refunding Approval By Municipal Body

Proposed refunding by Atlantic City, N. J., of approximately $21,000,000 of outstanding funded debt was approved by the municipal Board of Commissioners following a public hearing on June 29. The plan is designed to result in a saving to the city of not less than $3,250,000 in interest charges over the life of the proposed new debt.

It was developed for the city by Stifel, Nicolaus & Co., of Chicago and St. Louis, in cooperation with Wainwright, Ramsey & Lancaster, municipal financial consultants of New York City. Before being placed in operation, the program must be approved by the New Jersey Local Government Commission.

Under the terms of the refinancing, the average rate of interest on the city's debt will be reduced to 3.185%, a reduction of more than 1% from the present figure of 4.221%. The debt involved consists of $20,433,000 general bonds and $1,686,000 water obligations. The former bear interest at rates ranging from 3½% to 4½% and are callable at par up to July 1, 1952, and thereafter at 103. The outstanding water bonds bear 4% interest to 1967 and 4½% thereafter to 1973.

As explained by City Commissioner Daniel S. Bader, who is also Director of Revenue and Finance, the refunding program provides for the issuance of $12,933,000 general refunding bonds, bearing 3% for the first two years and 3¼% thereafter to final maturity in 1967, and $7,500,000 term refundings, to bear 3¼% interest and maturing in 1967.

All serial maturities will be subject to prior redemption at par after Dec. 1, 1959, and in the case of the term bonds, the retirement schedule provides for an annual levy of $375,000 for principal. It is also provided, however, that $750,000 of term bonds become callable each year, which will make it possible for the city to employ additional available funds for the redemption of that amount of bonds at par or by tender at less than par if the market price is below parity.

The proposed water refundings will bear 2½% and mature serially to 1963.

Delegates To The Monetary Conference

(Continued from page 93)

nance; Janusz Zoltowski, Financial Counselor, Polish Embassy, Washington.

Union of South Africa

S. F. N. Gie, Minister to the United States, *Chairman;* J. E. Holloway, Secretary For Finance, Co-Delegate; M. H. De Kock, Deputy Governor of South African Bank, Co-Delegate.

Union of Soviet Socialist Republics

M. S. Stepanov, Deputy People's Commissar of Foreign Trade, *Chairman;* A. Maletin, Deputy People's Commissar of Finance; N. F. Chechulin, Assistant Chairman of the State Bank; I. D. Zlobin, Chief, Monetary Division of the People's Commissariat of Finance; A. A. Arutiunian, expert consultant of the People's Commissariat For Foreign Affairs; A. N. Morozov, Member of the Collegium, Chief, Monetary Division of the People's Commissariat For Foreign Trade.

United Kingdom

Lord Keynes, *Chairman;* Robert H. Brand, United Kingdom Treasury Representative in Washington; Sir Wilfred Eady, United Kingdom Treasury; Nigel Bruce Ronald, Foreign Office; Dennis H. Robertson, United Kingdom Treasury; Lionel C. Robbins, War Cabinet Offices.

United States of America

Henry Morgenthau, Jr., Secretary of the Treasury, *Chairman;* Fred M. Vinson, Director, Office of Economic Stabilization, Vice-Chairman; Dean Acheson, Assistant Secretary of State; Edward E. Brown, President, First National Bank of Chicago; Leo T. Crowley, Administrator, Foreign Economic Administration; Marriner S. Eccles, Chairman, Board of Governors of the Federal Reserve System; Mabel Newcomer, Professor of Economics, Vassar College; Brent Spence, House of Representatives, Chairman, Committee on Banking and Currency; Charles W. Tobey, United States Senate, Member, Committee on Banking and Currency; Robert F. Wagner, United States Senate, Chairman, Committee on Banking and Currency; Harry D. White, Assistant to the Secretary of the Treasury; Jesse P. Wolcott, House of Representatives, Member Committee on Banking and Currency.

Uruguay

Mario La Gamma Acevedo, Expert, Ministry of Finance, *Chairman.*

Venezuela

Rodolfo Rojas, Minister of the Treasury, *Chairman;* Cristobal L. Mendoza, Former Minister of the Treasury, Representative of the National Banking Council; Jose Joaquin Gonzalez Gorrondona, Director, Office of Import Control, Representative, Central Bank of Venezuela; Alfonso Espinoza, President, Permanent Committee of Finance, Chamber of Deputies.

Yugoslavia

Vladimir Rybar, Counselor of the Yugoslav Embassy, Washington, *Chairman.*

Denmark (Observers)

The Danish Minister, Henrik De Kauffman, Minister to the United States.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 71)

bearishness reduced to a zephyr and bullishness roared from the housetops. The gravy wagon is a-rolling and everybody is clambering to get aboard.

It is under such conditions that the seeds for a bear market are planted. The question is how soon after planting will there be a crop.

As this is being written the market is strong. Big Steel opened today (Wednesday) up a full point. Board rooms are crowded and order clerks are getting sore throats and bruised ears from the phones. The big question now is no longer how much higher they'll go but what will I buy. The leaders as well as the cats and dogs are advancing and paper profits are again accumulating.

Into this blithe and carefree bull market picture the Dow figure of 151 is beginning to poke out as a barrier which might check or even halt the parade. I don't think that a sharp reaction will occur from that point. But if for some reason the public takes it into its head that prices are high enough, the word "reaction" will hardly suffice to describe what can occur. Instead of having a fistful of stocks (which I should have liked to have had) we are only long of a couple of puny issues. Crane is one; National Gypsum is the other. Crane, bought at 22½ was partially sold (half) last week at 27½. Half of National Gypsum, bought at 9¾, was sold at 14 or better. Profits for both approximate 9 points. For safety the rest should be stopped as advised in last week's column.

If good enough support appears on any reaction I shall recommend additional purchases. Meanwhile I intend limiting my activities to watching.

* * *

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

British Life Insurance Statistics In War Years

Life insurance in Great Britain has completed four full years of war with practically no change in the overall mortality of the business, the Institute of Life Insurance said on June 29 based on a summary of the last year's annual statements of British companies doing two-thirds of that country's life insurance business. The Institute reports that war mortality has thus far been offset by an improvement in civilian mortality, with the result that the ratio of total death benefits to total premiums last year was actually smaller than it was in 1939. This year's war death losses are expected to show a marked increase with the invasion under way.

The principal problems of the war for life insurance in Britain have been the manpower and investment problems, and both of these have been met by the business, according to the Institute, which said:

"British life insurance has grown in strength and economic significance during the war in spite of the great obstacles created by the dislocations of the past four years. At the close of 1943, total premiums paid for life insurance had grown to one-seventh more than the 1939 figure and total funds held by the life insurance companies for the future needs of policyholders had increased 15% from the 1939 figure. The flow of benefit payments throughout these years constituted a vital stabilizing force during the economic upheaval caused by the war."

Further information supplied by the Institute follows:

"Death benefit payments in 1943 were up 3% from 1942 and were up 6% from 1939. Total insurance in force had grown in the meantime, reflected by an increase in total premium income, of 5% over 1942 and 14% over 1939. Payments to policy owners under matured endowment policies increased 8% in 1943 and were 15% greater than in 1941, although they were only 7% over the 1939 total.

"Surrender value payments in 1943 representing largely the emergency calls for policy cash values, were down 16% from 1942 and 35% from 1941. They were less than one-third of the total paid in 1939.

"Policyholder reserves increased 4% during the past year and reached a figure 15% greater than that of 1939, reflecting the greater equity of British policyholders achieved through war-time thrift in the face of stringent war conditions.

"The net earning rate of the British companies on these reserves dropped to 3.46 in 1943, which compares with 3.49 in 1942; 3.50 in 1941; 3.66 in 1940; 3.82 in 1939, and 4.07 in 1938. This is the result in large part of the reshaping of investment portfolios necessitated by the war, many companies having well over 40% of their total funds invested in British Government securities. One of the large companies has 52% of its assets in such securities.

"During the past year the British companies again reduced the ratio of operating expenses to premium income. The 1943 ratio was 5% under 1942 and 8% under 1939. The improvement has been experienced in both ordinary and industrial insurance."

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CHICAGO DETROIT PITTSBURGH
GENEVA, SWITZERLAND

Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY, JULY 6

GENERAL PRINTING INK CORP. has registered 35,000 shares of $4.50 preferred stock, series A, cumulative (no par). Company is offering to holders of the 33,926 shares of outstanding $6 cumulative preferred stock the privilege of exchanging their shares on a share for share basis for the new $4.50 preferred stock plus an amount in cash per share equal to the excess of the redemption price per share of the $6 preferred stock, $105 plus accrued dividends from July 1, 1944, to the redemption date, over the initial public offering price of the $4.50 preferred stock. Cash proceeds from sale of any unexchanged shares, with treasury cash, will be used to redeem, at $105 per share plus accrued dividends, all unexchanged shares of the $6 preferred stock, and to the payment of the cash adjustment payable to holders of the $6 preferred stock making the exchange. Shields & Co., New York, is named principal underwriter, with names of others to be supplied by amendment.

Offering price to public of stock not issued in exchange will be filed by amendment. Filed June 17, 1944. Details in "Chronicle," June 29, 1944.

SUNDAY, JULY 9

QUAKER OATS CO. has filed a registration statement for $10,000,000 20-year 2⅝% debentures due July 1, 1964. Net proceeds from the sale of the debentures together with $5,000,000 to be received from the sale of serial notes will be added to working capital and used as future developments of the business may require. Underwriters are Harriman Ripley & Co., Filed June 20, 1944. Details in "Chronicle," June 29, 1944.

MONDAY, JULY 10

LERNER STORES CORP. has filed a registration statement for 35,000 shares of common stock (no par). The shares are issued and outstanding and do not represent new financing. Of the shares registered 30,000 shares are being sold to the underwriters by Joseph J. Lerner, president, and 5,000 shares by Associated Lerner Shops of America, Inc., a wholly-owned subsidiary. Merrill Lynch, Pierce, Fenner & Beane head the group of underwriters. Others will be named by amendment. Filed June 21, 1944. Details in "Chronicle," June 29, 1944.

ARDEN FARMS CO. has registered 35,714 shares of $3 cumulative and participating preferred stock, without par value. Company has offered to holders of its preferred stock rights to subscribe for shares of the new preferred at the rate of one share for each 2½ shares held Company proposes to sell to the public any shares not subscribed at a price to be named by amendment. Net proceeds will be used to improve the cash and working capital positions of the company and to the acquisition of additional plants. No underwriters named. Filed June 21, 1944. Details in "Chronicle," June 29, 1944.

TUESDAY, JULY 11

NEW ORLEANS PUBLIC SERVICE INC. has filed a registration statement for $34,500,000 first mortgage bonds series due 1974 and 77,798 shares of preferred stock, par $100. The interest rate on the bonds and dividend rate on the stock will be filed by amendment. The bonds and stock are to be offered for sale pursuant to the Commission's competitive bidding Rule U-50.

Net proceeds together with such additional cash from company's treasury as may be required will be used to redeem following securities: 77,798 shares of $7 preferred stock; $11,849,500 first and refunding mortgage gold bonds, series A, 5% due Oct. 1, 1952; $17,856,000 first and refunding mortgage gold bonds, series B, 5% due June 1, 1955; $4,625,380 6% mortgage gold income bonds, series A and series B, due Nov. 1, 1949; $392,000 Canal & Claiborne Railroad Co., 6% gold mortgage bonds due May 1, 1946, and $283,000 Saint Charles Street Railway Co. first mortgage 4% gold bonds due Jan. 1, 1952. The total required, exclusive of accrued interest and dividends, is $44,039,275. Filed June 22, 1944. Details in "Chronicle," June 29, 1944.

COLUMBIA PICTURES CORPORATION has registered 7,880 purchase warrants for common stock and 7,880 shares of common stock (no par).

Address—729 Seventh Avenue, New York City.

Business—Motion pictures.

Underwriting—A. Montague may be an underwriter.

Offering—The common stock registered is to be issued upon the exercise of option warrants held by A. Montague. Under the terms of the warrants there is now issuable an aggregate of 7,880 shares of the common stock of the registrant at $7.62½ per share.

Registration Statement No. 2-5410. Form A-2. (6-22-44).

PERFEX CORP. has filed a registration statement for 21,803 shares of common stock, $4 par value.

Address—500 West Oklahoma Avenue, Milwaukee, Wis.

Business—Industrial engine radiators, oil coolers, intercoolers, etc.

Underwriting—Wisconsin Company.

Offering—The 21,803 shares are being offered for subscription to holders of common stock at the rate of one new share for each five shares held. Date of expiration of rights will be filed by amendment. The offering is conditioned upon the underwriters purchasing shares not subscribed by stockholders and the company procuring loans aggregating $550,000. Subscription and offering prices will be filed by amendment.

Proceeds—For additional working capital.

Registration Statement No. 2-5412. Form S-2. (6-22-44).

WEDNESDAY, JULY 12

NATIONAL SECURITIES & RESEARCH CORP. has filed a registration statement for 42,301 shares in an investment trust fund, restricted management type.

Address—120 Broadway, New York City.

Business—Investment trust.

Underwriting — National Securities & Research Corp. is named sponsor.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5413. Form C-1. (6-23-44).

SATURDAY, JULY 15

AERONAUTIC AND AUTOMOTIVE INSURANCE AGENCY, INC., has filed a registration statement for 8,440 shares of class A stock.

Address—258 East Court Street, Kankakee, Ill.

Business—Conduct of an insurance business on the reciprocal plan.

Underwriting—The offering is not to be underwritten.

Offering—Company was chartered April 4, 1944. Sole promoter of the corporation is Frank O. Omer, of Kankakee, Ill., who has a contract whereby the corporation has employed him to sell its securities proposed to be offered publicly.

Registration Statement No. 2-5414. Form S-1. (6-26-44).

TUESDAY, JULY 18

BROOKLYN UNION GAS CO. has filed a registration statement for $12,000,000 25-year sinking fund debentures due Aug. 1, 1969. Interest rate will be supplied by amendment.

Address—176 Remsen Street, Brooklyn, N. Y.

Business—Public utility company.

Proceeds—The company plans to refinance its entire outstanding debt by the issuance and sale to the public of $12,000,000 principal amount of debentures and the concurrent issuance and private sale of $30,000,000 principal amount of general mortgage sinking fund bonds, 3¾% series, due Aug. 1, 1969. The net proceeds of the sale of the new securities will be applied, together with approximately $6,000,000 from the general funds of the company to the following purposes: for the payment at maturity on May 1, 1945, of $14,000,000 first consolidated mortgage 5% bonds; to pay at maturity $6,000,000 principal amount of first lien and refunding mortgage bonds, series A, 6%, due May 1, 1947; $10,000,000 to the redemption on Nov. 1, 1944, of $10,000,000 principal amount of first lien and refunding mortgage bonds, series B, 5%, due May 1, 1957, and $18,000,000 to the redemption on Sept. 9, 1944, of the 20-year 5% debentures. The last two redemptions involve the payment of $300,000 and $360,000 in premiums, plus interest, respectively.

Underwriting—F. S. Moseley & Co., Boston, is named principal underwriter. Others will be named by amendment.

Offering—Price to the public will be supplied by amendment.

Registration Statement No. 2-5415. Form S-1. (6-29-44).

ROTARY ELECTRIC STEEL CO., DEL., has filed a registration statement for 150,000 shares of common stock (par $10). The shares have been issued and are being offered by the underwriters.

Address—Detroit, Mich.

Business—Manufacture of alloy steels.

Proceeds—Rotary Electric Steel Co. was incorporated in Delaware on June 23, 1944, to acquire the business, physical assets and inventories and properties of the Rotary Electric Steel Co., a California corporation. On July 1, 1944, according to the registration statement, the company purchased from the California corporation, all the physical properties of the latter for $650,000, plus inventories priced at cost or market whichever was lower. Pending a physical check, the value of the inventories was taken at $1,800,000. Contemporaneously or just prior to this transaction the company sold to the underwriters 150,000 shares of common stock at $11.375 a share, and sold to the New York Trust Co. $800,000 3% five year notes, and sold to Mutual Life Insurance Co. of New York, $500,000 4% first mortgage bonds due 1956. The proceeds from the sale of these securities were used to purchase the physical assets and inventory of the California company and to provide company with its initial working capital requirements. The common stock being offered is that purchased by the underwriters from the company on July 1, 1944, the net proceeds from the sale at that time were received by the company. Proceeds from offering will be received by the underwriters.

Underwriters—W. E. Hutton & Co., 80,000 shares; Hemphill, Noyes & Co. and E. H. Rollins & Sons, Inc., 30,000 shares each, and Stein Bros. & Boyce 10,000 shares.

Offering—The offering price to the public will be filed by amendment.

Registration Statement No. 2-5416. Form S-1. (6-29-44).

WEDNESDAY, JULY 19

JOHNSON & JOHNSON have filed a registration statement for 36,218 shares of cumulative second preferred stock, series A 4% (par $100) and 77,252 shares of common stock (par $12.50). The preferred stock registered is issued and outstanding and includes 1,138 shares held by the company in its treasury, 19,587 shares held by Robert W. Johnson and 15,492 shares held by J. Seward Johnson. The 77,252 shares of common are also issued and outstanding and include 21,252 shares held by the company in its treasury, and 28,000 shares each held by Robert W. Johnson and J. Seward Johnson.

Address—New Brunswick, N. J.

Business—Manufacture and sale of surgical dressings and extensive line of products related thereto.

Proceeds—Proceeds to the company will be used for general corporate purposes. Proceeds from sale of other shares will go to the selling stockholders.

Underwriting—The underwriters of the preferred stock are Morgan Stanley & Co., Dominick & Dominick, Clark, Dodge & Co., Hemphill, Noyes & Co., Merrill Lynch, Pierce, Fenner & Beane and Smith, Barney & Co. The offering of common stock is not being underwritten. Applications for purchase of common stock may be made to Robert W. Johnson, J. Seward Johnson and the company in care of J. P. Morgan & Co. Incorporated.

Offering—Offering prices will be filed by amendment.

Registration Statement No. 2-5417. Form A-2. (6-30-44).

GENERAL ELECTRIC CO. — General Electric Contributory Pension Trust has filed a registration statement for $250,000 (estimated amount of employees contributions prior to Aug. 1, 1945.)

Address—General Electric Co.'s address 1 River Road, Schenectady, N. Y.

Business—Pension trust for employees of General Electric Co.

Offering—No stock is to be issued. The trustees of the pension trust will offer to eligible employees of General Electric Co. and certain of its affiliated companies an opportunity to participate in this pension plan for their benefit.

Registration Statement No. 2-5418. Form A-1. (6-30-44).

JACKSONVILLE GAS CORPORATION has filed a registration statement for $1,745,000 first mortgage bonds, 4% series due June 1, 1969.

Address—29 East Adams Street, Jacksonville, Fla.

Business—Public utility.

Underwriting—Central Republic Co., Inc., Chicago, is named principal underwriter.

Offering—Price to the public will be supplied by amendment.

Proceeds—Net proceeds from the sale of the bonds will be applied to the redemption, at 100%, of all of the company's first mortgage bonds, 5% series due 1967, outstanding in like principal amount.

Registration Statement No. 2-5419. Form S-1. (6-30-44).

THURSDAY, JULY 20

MARATHON CORPORATION, successor to Marathon Paper Mills Co. by change of name to be made this month, has filed a registration statement for 50,000 shares of 5% cumulative preferred stock (par $100).

Address—Rothschild, Wis.

Business—Manufacture of a diversified line of protective wrappers, containers and packaging used primarily in the food industry.

Proceeds—The proceeds from the sale of the preferred stock, together with the proceeds to be received from the sale by the corporation, prior to Oct. 1, 1944, of $5,000,000 principal amount of its debentures, will be used principally to finance, through advances to the corporation's wholly-owned Canadian subsidiary, the erection of a bleached sulphate pulp mill at Peninsula, in the province of Ontario, Canada. The balance of the proceeds will be used to provide additional conversion facilities of the corporation's United States plants and to augment working capital.

Underwriters — The underwriters with the number of shares underwritten are as follows: Lee Higginson Corp., 10,000; Smith, Barney & Co., and the Wisconsin Company, 5,000 each; Blyth & Co., Inc., 3,000; Merrill Lynch, Pierce, Fenner & Beane, 2,500; Milwaukee Company, Eastman, Dillon & Co., Paine, Webber, Jackson & Curtis and F. S. Moseley & Co., 2,000 each; Clair S. Hall & Co., 1,750; Dean Witter & Co., A. C. Allyn & Co., Inc., Central Republic Co., Inc., and Harris, Hall & Co., Inc., 1,500 each; Reynolds & Co. Wertheim & Co., Bacon, Whipple & Co. and Loewi & Co., 1,000 each; Piper, Jaffray & Hopwood, Whiting, Weeks & Stubbs, Inc., Kebbon, McCormick & Co., Perrin, West & Winslow, Inc., and Tucker, Anthony & Co. 750 each; Forwell, Chapman & Co., and Scherck, Richter Co., 500 each.

Offering—Price to the public will be supplied by amendment.

Registration Statement No. 2-5420. Form S-1. (7-1-44).

EMPIRE DISTRICT ELECTRIC CO. has filed a registration statement for $10,600,000 first mortgage bonds, 3½% series due 1969, and 350,000 shares of common stock (par $10). The shares of stock are issued and outstanding and are being offered for the account of Cities Service Power & Light Co.

Address—602 Joplin Street, Joplin, Mo.

Business—Public utility.

Underwriting—Both the bonds and stock will be offered for competitive bidding under the Commission's competitive bidding rule U-50. Names of the underwriters will be filed by amendment.

Offering—Offering price to the public of the bonds and common stock will be filed by amendment after the results of competitive bidding have been determined.

Proceeds—The net proceeds to be received by Empire District from the sale of the bonds, together with the net proceeds from the sale of 6,500 shares of 5% cumulative preferred stock, par $100, which the company expects to sell contemporaneously with the issue and sale of the bonds are to be applied to the redemption at 101¾ of the principal amount of $10,044,900 of the company's first mortgage and refunding bonds, 5% series, due March 1, 1952, and to the redemption at 105 of the principal amount of $851,200 of Ozark Power & Light Co. first mortgage sinking fund 5% bonds due March 1, 1952, assumed by Empire. Net proceeds from the sale of common stock are to be received by Power & Light Company and does not represent new financing by the company. As previously announced Empire District Electric Co. which is controlled by Cities Service Power & Light Co. proposes to acquire by merger the properties of Ozark Utilities Co., Lawrence County Water, Light & Cold Storage Co. and Benton County Utilities Corporation. In conjunction with this merger Cities Service Power & Light Co. is surrendering all the securities of the constituent companies owned by it in exchange for an aggregate of 350,000 shares of common stock, $10 par, of the Empire District Electric Co.

Registration Statement No. 2-5421. Form S-1. (7-1-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN MACHINE & METALS, INC. filed a registration statement for $2,000,000 4½% 15-year sinking fund debs., due June, 1959, and 68,450 shares of capital stock, without par value. The 68,450 shares of capital stock are to be offered for subscription to the holders of capital stock at the rate of one share for each four shares held. The subscription price as well as the record date and time when subscription warrants will be filed by amendment. The public offering price of the debentures will be filed by amendment.

The net proceeds from the sale of the debentures and stock will be applied, together with additional funds from the company's treasury, to repay a $3,000,000 temporary bank loan which was incurred in the purchase last March of control of the United States Gauge Co. Hornblower & Weeks are principal underwriters. Filed May 31, 1944. Details in "Chronicle," June 8, 1944.

BEN-HUR PRODUCTS, INC. — $300,000 5% convertible debentures, series of 1943, due Feb. 1, 1951 and 11,400 prior preferred shares (for purpose of conversion). Proceeds to retire bank loans and working capital. Pacific Co. of Calif. and Wyeth & Co. named underwriters. Filed Dec. 20, 1943. Details in "Chronicle," March 9, 1944.

EQUIPMENT FINANCE CORP. filed a registration statement for 14,000 shares 4% non-cumulative series 2 preferred, par $100. Price to the public $100 per share. Proceeds for acquisition of factory and warehouse buildings and additional trucks. Filed May 19, 1944. Details in "Chronicle," May 25.

EXCESS INSURANCE CO. OF AMERICA has filed a registration statement for 48,981 shares of capital stock (par $5). Shares are to be offered for subscription to present stockholders of record May 31, 1944, on a pro rata basis at $8 per share. Net proceeds will be added to company's capital and surplus funds. Unsubscribed shares will be sold to Lumbermens Mutual Casualty Co. for investment. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

FLEMING COMPANY, INC., has filed a registration statement for 2,500 shares of preferred stock, 5% cumulative ($100 par). Price to public $103 per share. Proceeds will be used to increase working capital through the reduction of bank loans. Beecroft, Cole & Co., Columbian Securities Corp. and Seltsam & Co., Inc., are underwriters. Filed June 3, 1944. Details in "Chronicle," June 8, 1944.

GERMANTOWN FIRE INSURANCE CO. has filed a registration statement for 50,000 shares of common stock, $20 par, and voting trust certificates for said stock. Policyholders of Mutual Fire Insurance of Germantown are to have pre-emptive rights to subscribe for the common stock at $20 per share in proportion to the respective premiums paid by them upon insurance policies issued by Mutual. Voting trust certificates representing shares not subscribed will be offered to the general public at the same price. All stockholders will be asked to deposit shares in the voting trust for a period of 10 years. Bioren & Co. are underwriters. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

HAWAIIAN ELECTRIC CO., LTD., filed a registration statement for $5,000,000 first mortgage bonds, series D, 3½%, due Feb. 1, 1964. Proceeds will be used to pay company's $3,500,000 3% collateral promissory notes due June 1, 1948; to pay for additions, improvements and betterments of plant and properties to be made prior to the close of 1945. Dillon, Read & Co., New York, and Dean Witter & Co., San Francisco, underwriters. Filed May 23, 1944. Details in "Chronicle," June 8, 1944.

HAYES MANUFACTURING CO. has registered 100,000 shares of common stock $2 par value. Net proceeds will be received by Porter Associates, Inc. The moneys paid to the corporation by Porter Associates, Inc., on account of the purchase of said shares will, in the estimated amount of $187,500, reimburse the corporation in part for the $200,000 expended by it in purchasing such shares. Porter Associates, Inc., underwriters. Details in "Chronicle," May 31. Filed May 25.

HOWARD STORES CORPORATION filed a registration statement for 27,736 shares 5¼% cumulative preferred stock, par value $100, and 50,000 shares common stock, par $1. The shares registered are issued and outstanding and do not represent new financing by the company.

Underwriting—Underwriters are A. G. Becker & Co., Inc., Chicago; Merrill Lynch, Pierce, Fenner & Beane, New York; H. M. Byllesby & Co., Inc., Chicago; Central Republic Co., Inc., Chicago; Graham, Parsons & Co., Phila.; Hallgarten & Co., New York; Shields & Co., New York; Stroud & Co., Inc., Phila.; A. E. Masten & Co., Pittsburgh; Milwaukee Company, Milwaukee; Moore, Leonard & Lynch, Pittsburgh; William R. Staats Co., Los Angeles; Stein Bros. & Boyce, Baltimore; Edward D. Jones & Co., St. Louis; Singer, Deane & Scribner, Pittsburgh; Frank B. Cahn & Co., Baltimore, and Newhard, Cook & Co., St. Louis. Filed June 9, 1944. Details in "Chronicle," June 15, 1944.

IDAHO POWER CO. has filed a registration statement for 60,587 shares of 4% preferred stock, $100 par value. Underwriters are Blyth & Co., Inc., and Lazard Freres & Co., New York, 45% each, and Wegener & Daly, Inc., Boise, 10%. Company will offer to holders of its 32,130 shares of 7% and 28,457 shares of $6 preferred stock the opportunity to exchange their shares for new 4% preferred stock on a share for share basis together with $8 in cash and accrued dividends to Aug. 1, 1944. The exchange offer will be open from about July 1 to July 22. The new preferred stock will be cumulative from Aug. 1, 1944. Any shares of the 7% and $6 preferred stock not deposited for exchange will be redeemed on Aug. 1, 1944, at $110 per share plus accrued dividends to that date. The underwriters have agreed to purchase any of the 4% preferred shares not issued pursuant to the exchange offer. The price to the public will be $102 per share. Filed June 13. 1944. Details in "Chronicle," June 22, 1944.

MIDLAND COOPERATIVE WHOLESALE has filed a registration statement for $250,000 subordinated debenture notes, bearing interest at rate of 4% per annum and maturing in five and ten years from date of issue. Notes are to be sold at their face value, only to members of the issuing corporation and individual members of its corporate stockholders. Proceeds will be used to increase working capital and reduce bank loans. Filed June 12, 1944. Details in "Chronicle," June 22, 1944.

MISSISSIPPI VALLEY PUBLIC SERVICE CO. has registered 15,000 shares of 5% cumulative preferred stock ($100 par). Company is offering to holders of its outstanding 7% cumulative preferred stock, series A, and 6% cumulative preferred stock, series B, the privilege of exchanging their old stock for new preferred on a share for share basis, with a cash adjustment amounting to $7.83⅓ a share on the 7% stock and $2.66⅔ a share on the 6% preferred. The exchange offer will expire at noon on May 20. Underwriters are Milwaukee Co., 5,750 shares; Wisconsin Co., 4,750; Morris F. Fox & Co., 1,500; Loewi & Co., 1,500; Bingham, Sheldon & Co., 1,000 all of Milwaukee, and A. C. Tarras & Co., Winona, Minn., 500. Filed April 25, 1944. Details in "Chronicle," May 4.

NORTHERN INDIANA PUBLIC SERVICE CO. has filed a registration statement for 220,078 shares of 5% cumulative preferred stock, par $100 per share. Company plans to issue the 220,078 shares of 5% preferred stock to effect the retirement by exchange or redemption of an equal number of shares of its 7%, 6% and 5½% preferred stock, the exchange to be on a share for share basis plus a cash payment to be filed by amendment. Filed May 17, 1944. Details in "Chronicle," April 27, 1944.

Exemption from competitive bidding rule denied by SEC in opinion issued May 5, 1944. Company on May 12 filed an amendment with the SEC proposing invitation of competitive bidding on the stock under rule U-50. Offering data to be completed by post effective amendment.

Public invitation for proposals for exchange and purchase of the 5% preferred stock will be received by the company up to 10 a.m. CWT July 10.

PANHANDLE EASTERN PIPE LINE CO. has filed a registration statement for 531,638 shares of common stock, without par value. The shares registered are issued and outstanding and are owned by Missouri-Kansas Pipe Line Co. Mokan will offer to the holders of its common stock and class B stock, of record July 3, the right to purchase, pro rata, 163,710 shares of common stock of Panhandle, at $30 per share, on basis of one share of common stock of Panhandle for each 10 shares of common or 200 shares of class B capital stock of Mokan. Such purchase offer will expire on Aug. 12, 1944.

Net proceeds will be used to pay off $5,050,000 indebtedness to banks and insurance companies. After payment by Mokan of the indebtedness, it will offer to each holder of its common stock or class B stock according to a plan adopted by the stockholders on March 27, 1944, the right and privilege of exchanging all or any part of his holdings of such stock for full shares of the common stock of Panhandle, on the basis of two shares of Panhandle for nine shares of Mokan common or 180 shares of class B capital stock of Mokan, or any combination of common and class B capital stock of Mokan equivalent thereto. The exchange offer will expire April 15, 1945. Filed May 31, 1944. Details in "Chronicle," June 8, 1944.

PUBLIC SERVICE CO. OF OKLA.—$1,500,000 5% cumulative preferred stock (par $100) and $6,600,000 first mortgage bonds, series A 3½% due Feb. 1, 1971. Stock is for exchange of $6 preferred of Southwestern Light & Power Co. (subsidiary) on share for share basis. Bonds will be offered for sale at competitive bidding. Registration effective Jan. 10, 1944. Filed Dec. 21, 1943. Details in "Chronicle," March 16, 1944.

(This list is incomplete this week)

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Government Wins Case Involving "Abnormal" Deduction

Taxpayer's Proof Insufficient

By PETER GUY EVANS, C.P.A.

Member of New York Bar; Lecturer on Taxation at Columbia and Rutgers Universities

Recently, the Tax Court decided its first case, **William Leveen Corporation v. Commissioner** (3 T. C. No. 77) involving the excess profits tax under Section 711 of the Internal Revenue Code. The decision was in favor of the Government. It is apparent from this decision that where excess profits tax relief provisions are involved, it will not be easy to benefit therefrom, because of the difficulty of meeting the particular requirements.

Peter Guy Evans

Section 711 Explained

Section 711, a relief section, permits the exclusion of certain items like demolition, casualty, loss on bond retirements, etc. A subsection thereof permits the elimination of "abnormal" deductions. Naturally, by eliminating such from income for the years 1936 to 1939, the yardstick on which the excess profits tax is based, the corporation obtains a higher credit.

Congress specifically provides for upping the base period income by restoring to income deductions which are abnormal. In addition, even though the class of deductions was normal, then if the deductions within such class were more than 125% of the average amount of such deductions for the four previous years, the excess over the 125% is restorable to income, under certain conditions.

Facts of Case

Here the corporation claimed an adjustment in its base period income because its 1939 deduction for bad debts was abnormally large in amount. This unduly lowered its standard of comparison. It was stipulated that the 1939 bad debt deduction was not abnormal in class, but only in amount. Since it was in excess of 125% of the average of bad debt deductions for the four previous years, namely, 1935 to 1938, the abnormal part thereof was eliminated from the taxpayer's 1939 income. The taxpayer accordingly upped his income for 1939.

Issue in Case

Such procedure is permissable, only if the taxpayer meets the requirements of another subsection that the taxpayer "establishes that the abnormality or excess is not a consequence of an increase in the gross income" for the base period. The Commissioner disregarded the taxpayer's computation because the evidence did not show that it was not in consequence of the increase in its gross income.

Commissioner Sustained

The Tax Court, in sustaining the Commissioner, stated: "to establish such a negative may be a difficult task, and how it is to be accomplished cannot be formulated in a rule. Perhaps the proof is best made by proving affirmatively that the abnormal deduction is a consequence of something other than the increase in gross income and that such proven cause is the converse or opposite of an increase in gross income and could not be identified with an increase in gross income." This is not easy It is clearly what the law requires.

The Tax Court points out that although the 1939 abnormal bad debt deduction was nearly $10,000, the taxpayer's 1939 gross income exceeded the 1935-1938 average by $17,250. There might be some correlation between these two increases—the increase in bad debts is coincident with and therefore elated to the contemporaneous increase in gross income. Although this is not explainable, as a cause and consequence, nevertheless the taxpayer's success hinges upon proof that it was not. This the taxpayer did not prove.

Chace, Whiteside & Warren

BOSTON, MASS. — The firm name of Chace, Whiteside & Co., Inc., 24 Federal Street, has been changed to Chace, Whiteside & Warren, Inc. Officers of the company remain the same.

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Stand. Coated Prod. Pfd.
Cent. of Ga. Mobile 5s, 1946
W. T. BONN & CO.
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"Our Reporter On Governments"

By E. P. TEE

With the Fifth War Loan winding up at the end of the current week, its success to date has stimulated speculation regarding the size of the oversubscription. . . . Present estimates of the total range anywhere from $17,000,000,000 to $20,000,000,000. . . . A figure somewhere between is a logical expectation. . . .

Individuals are lagging badly in reaching the assigned quotas and it is doubtful that the goal of $6,000,000,000 orders from this source will be achieved. . . . However, all other nonbank buyers have moved ahead of their assigned quotas, and it is this buying which really sparked the drive. . . .

DRIVE PATTERN

This drive has been characterized by a different buying pattern than in preceding campaigns. . . . For example, the Treasury's daily statement reveals that by June 24 over $3,500,000,000 general market issues had been subscribed and paid for, although interest on these obligations did not start until June 26. . . .

On the other side of the picture is the statement of reporting banks in 101 cities which discloses that in the two reporting periods ending June 21 these banks bought about $850,000,000 Government issues in the open market. . . . This is nearly triple the amount purchased during the comparable period of the Fourth War Loan. . . .

This all adds up to greater, more skillful pre-drive market adjustment. . . . It would appear from these figures that many corporations and institutions cooperated with the banks and placed their orders for the new issues at an earlier date than called for. . . . This, in turn, freed deposit requirements, through the shift to War Loan account, and the banks immediately used this buying power in the open market. . . .

There was plenty of additional selling in the few days immediately before June 26—but mostly in the certificate section—as indicated by the jump in holdings of the Federal Reserve Banks and the New York City reporting members for the period ending June 28. . . .

In consequence, the overall pre-drive liquidation this time was probably as great as that which preceded any of the earlier War Loan campaigns. . . . However, it was spaced differently, went in a different direction and thus did not seem as great. . . . Incidentally, it is of interest to note that neither the Republican Party platform nor any of the speakers of the Convention mentioned the size to which the Federal debt has grown or the possibility of higher interest rates in the post-war period. . . .

NEW FISCAL YEAR

With a new fiscal year starting this week, we can look back with some satisfaction on the one just closed. . . . While expenditures, all for war, were naturally higher, the deficit was lower than the preceding period by some $5,000,000,000. . . . Receipts from the income tax, more than double those of the preceding fiscal, accounted for this showing. . . .

The new fiscal should see some further contraction in the deficit, barring unforeseen war developments. . . . Cutbacks in industry may be expected at an increasing rate, while the bulk of the tax receipts will be unaffected for the time at least, and may even hold to present high levels if we exercise the necessary speed in reconversion to take up any war production drop. . . .

MARKET ACTION

The Government list, following the selling that appeared two weeks ago, has been a quiet affair, nor is any great activity looked for until next week when the new drive securities will be available for trading. . . . Look for things to pick up at that time. . . . Both the new 2s and the 1¼s should command immediate small premiums. . . .

Thomas G. Campbell Forms Investment Firm

Thomas G. Campbell has formed Thomas G. Campbell Company with offices at 67 Wall Street, New York City, to engage in a securities business. Mr. Campbell was formerly railroad analyst for C. E. Stoltz Co. and prior thereto was Vice-President and manager of the railroad bond department of Travers King & Co., Inc.

N. L. Jarvis With Hayden, Stone & Co.

Hayden, Stone & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, announce that N. Leonard Jarvis has become associated with them. Mr. Jarvis was formerly economist with Frazier Jelke & Co. and prior thereto was with J. A. Williston & Co. and McClure, Jones & Co. in the stock statistical department.

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Cerf In France Invasion

Lt. Floyd D. Cerf, Jr. (j. g.) of the U. S. Coast Guard Reserve was a member of the American Assault Force which invaded France. He had previously been in action in the Mediterranean and was promoted from Ensign to Lieutenant last February. His brother David F. Cerf is serving in the Marines. Lt. Cerf was formerly with Floyd D. Cerf Co., 120 South La Salle Street, Chicago, Ill.

Rails Offer Interest

Gary Railways common and Memphis Street Railway preferred offer interesting possibilities, according to memoranda issued by Bittner & Co., 80 Broad Street, New York City. Copies of these memoranda, into which are incorporated news of recent developments in the situations and earnings, may be had from Bittner & Co. on request.

Now Heronymus & Co.

SHEBOYGAN, WIS.—The firm name of Heronymus, Ballschmider & Co., Security National Bank Building, has been changed to Heronymus & Co., effective July 1.

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Final Edition ESTABLISHED OVER 100 YEARS In 2 Sections—Section 2

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 160 Number 4296 New York, N. Y., Thursday, July 6, 1944 Price 60 Cents a Copy

The Financial Situation

One of the two major political parties has now assembled in convention, heard the usual addresses, selected candidates for the Presidency and Vice Presidency, and dispersed to prepare for the real campaigning that is to come later. The head of the Republican ticket, after the manner of Mr. Roosevelt in 1932, flew to Chicago to be "notified" at once, and to deliver an address formally "accepting" the nomination. This seems to take care of the preliminary chores, but it does little more than that. The platform of the party is as unenlightening and as uninspiring as such documents usually are—particularly when they are drafted by political elements doing their very best not to offend any one. Mr. Dewey in his acceptance address gave some indication of his "flavor," as it were, but did not go very much further.

Must Take Initiative

The Republican party is the "opposition" party. It has been the "opposition" party for nearly 12 long years. It is asking the people of the United States to oust the Democratic party and place it in power. It must, accordingly, advance good and solid reasons why the voters should take such action. There is altogether too much inclination to feel that the Republican ticket can win merely by reason of the disfavor into which the Roosevelt regime has fallen. There are, no doubt, a good many who would vote for almost any Republican rather than Mr. Roosevelt, but, to put the matter in the language of the politician, there are not enough of them to turn the tide. To have a reasonable hope of succeeding, Mr. Dewey must now prepare to furnish the people with good and compelling reasons to believe that he would give them an administration more to their liking. At one point in his Chicago address, Mr. Dewey remarked that the Demo-

(Continued on page 100)

Dewey Says GOP Victory Will End One-Man Government In America

Condemns Failure Of New Deal Administration To Solve Employment Problem Despite Seven Years Of Unequalled Power And Unparalleled Spending — Attacks Theory Fostered By Present Regime That America Has Lost Capacity To Grow And That Continuing Unemployment Is Inevitable — Declares America Must Re-Win Freedom At Home And Holds That Only A Progressive Republican Administration Can Solve Problem of Providing Jobs After War Ends

Thomas E. Dewey

In his address on June 28, accepting the Republican nomination for President, Thomas E. Dewey, Governor of New York, told the Republican National Convention at Chicago that "to Americans of every party I pledge a campaign dedicated to one end above all others, — that this Nation under God may continue in the years ahead a free Nation of free Men."

The nomination of Gov. Dewey for President, as was reported in our June 29 issue (page 2689), was effected on the first ballot by a vote of 1,056 to 1, —the one vote which served to prevent a unanimous choice, having been recorded for Gen. Douglas MacArthur by Grant Ritter, of Beloit, Wis.

The speedy action which brought about the nomination of Gov. Dewey, served to bring the convention to a close in three days (it opened on June 26) adjournment having occurred at 9:40 p. m. on June 28. The party platform was adopted at the concluding day's session.

Named with Gov. Dewey on the Republican ticket as Vice President, is John W. Bricker, of Ohio, who had up to the day of the nominations been a leading candidate for President. As was indicated by the United Press, and noted in our item of a week ago, Gov. Bricker after a night of persuasion on June 27 finally consented to accept the Vice Presi-

(Continued on page 104)

Morgenthau's Address To The Monetary Conference

Treasury Secretary Calls For Co-operation Among Nations, "Not As Bargainers, But As Partners"—Aim Must Be Directed Toward Prosperity For All, And "The Creation Of A World Economy In Which All Nations Will Be Able To Realize Their Potentialities"—Holds International Exchange And Investment Problems Solved Only By Multilateral Co-operation, And Cites Need For A Post-War International Bank

Sec. Morgenthau

At the opening session of the United Nations Monetary Conference at Bretton Woods, N. H., on July 1, Secretary of the Treasury Henry Morgenthau, who was elected permanent chairman of the conference, delivered an address to the assembled delegates.

Mr. Morgenthau addressed the Conference as follows:

Fellow delegates and members of the conference:

You have given me an honor and an opportunity. I accept the presidency of this conference with gratitude for the confidence you have reposed in me. I accept it also with deep humility. For I know that what we do here will shape to a significant degree the nature of the world in which we are to live—and the nature of the world in which men and women younger than ourselves must round out their lives and seek the fulfillment of their hopes. All of you, I know, share this sense of responsibility.

We are more likely to be successful in the work before us if we see it in perspective. Our agenda is concerned specifically with the monetary and investment field. It should be viewed, however, as part of a broader program of agreed action among nations to bring about the expansion of production, employment and trade contemplated in the Atlantic Charter and in Article VII* of the Mutual Aid Agreements concluded by the United States with many of the United Nations. Whatever we accomplish here must be supplemented and buttressed by other action having this end in view.

President Roosevelt has made it clear that we are not asked to make definitive agreements binding on any nation, but that proposals here formulated are to be referred to our respective governments for acceptance or rejection. Our task, then, is to confer and to reach understanding and agreement upon certain basic measures which must be recommended to ours governments for the establishment of a sound and stable economic relationship among us.

We can accomplish this task only if we approach it not as bargainers but as partners—not as rivals but as men who recognize that their common welfare depends, in peace as in war, upon mutual trust and joint endeavor. It is not an easy task that is before us; but I believe, if we devote ourselves to it in this spirit, earnestly and sincerely, that what we achieve here will have the greatest historical significance. Men and women everywhere will look to this meeting for a sign that the unity welded among us by war will endure in peace.

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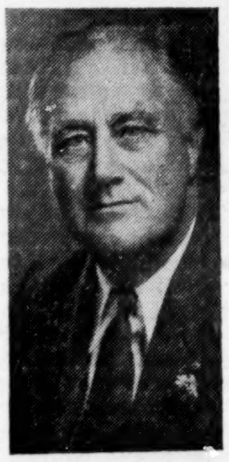
a Not available this week.

*Appeared in our issue of Monday, July 3, on page indicated.

President Roosevelt's Message To Internat'l Monetary Conference

At the opening session of the United Nations Monetary and Financial Conference, which assembled at the Mount Washington Hotel at Bretton Woods, N. H., on July 1, a letter of President Roosevelt, addressed to members of the conference, was read to the assembled delegates by Dr. Warren Kelchner, Secretary General of the Conference. It follows in full text:


President Roosevelt

Members of the Conference:

I welcome you to this quiet meeting place with confidence and with hope. I am grateful to you for making the long journey here, grateful to your Governments for their ready acceptance of my invitation to this meeting. It is fitting that even while the war for liberation is at its peak, the representatives of free men should gather to take counsel with one another respecting the shape of the future which we are to win.

The war has prodded us into the healthy habit of coming together in conference when we have common problems to discuss and solve. We have done this successfully with respect to various military and production phases of the war and also with respect to measures which must be taken immediately after the war is won such as relief and rehabilitation and distribution of the world's food supplies. These have been essentially emergency matters. At Bretton Woods you who come from many lands are meeting for the first time to talk over proposals for an enduring program of future economic cooperation and peaceful progress.

The program you are to discuss constitutes, of course, only one phase of the arrangements which must be made between nations to insure an orderly, harmonious world. But it is a vital phase, affecting ordinary men and women everywhere. For it concerns the basis upon which they will be able to exchange with one another the natural riches of the earth and the products of their own industry and ingenuity. Commerce is the life blood of a free society. We must see to it that the arteries which carry that blood stream are not clogged again, as they have been in the past, by artificial barriers created through senseless economic rivalries.

Economic diseases are highly communicable. It follows, therefore, that the economic health of every country is a proper matter of concern to all its neighbors, near and distant. Only through a dynamic and a soundly expanding world economy can the living standards of individual nations be advanced to levels which will permit a full realization of our hopes for the future.

The spirit in which you carry on these discussions will set a pattern for future friendly consultations among nations in their common interest. Further evidence will be furnished at Bretton Woods that men of different nationalities have learned how to adjust possible differences and how to work together as friends. The things that we need to do must be done—can only be done in concert. This conference will test our capacity to cooperate in peace as we have in war. I know that you will all approach your task with a high sense of responsibility to those who have sacrificed so much in their hopes for a better world.

A Timely Warning

"Today industry knows that it has put itself in hot water with its fantastic claims of extraordinary post-war product improvements. Here and there, some lone manufacturer has warned the trade against expecting post-war miracles. Here and there, some lone manufacturer has delicately suggested to the public that it might be more than a matter of months after the war before vastly improved models could be designed, tested, produced and distributed.

"Unfortunately, powder puffs have been used to knock down the walls of public opinion—and naturally, no noticeable effect has been achieved. Everybody and his uncle continue to expect immediate post-war miracles. If you ask consumers whether they will buy the first autos, or refrigerators to come off the production lines, you find that in nine cases out of ten they intend to wait for the later models, if what they have does not need replacement.

"This waiting for the later dream models presents a great threat to the re-establishment of our peacetime economy. If the nations purchasing power is not converted into action, that is, buying, the post-war national income of over $100,000,000,000 which our leaders constantly refer to, also will be only a dream."—Lawrence Valenstein, President of the Grey Advertising Agency.

This, of course, is only one instance in which post-war buncombe is threatening to do real harm, but it is one which should not be neglected.

There are many others equally in need of attention.

Socialists Demand Peace Offensive

By NORMAN THOMAS *
Socialist Candidate for President

Presidential Aspirant Asserts President Roosevelt's Plan For World Organization "Assures A Third World War Instead Of A Lasting Peace"—Holds The Miracles Of War-Time Production Prove That "We Can Produce Enough To Give Every American Family A Minimum Income Of $2,500 To $3,000 A Year"

Since I last spoke here and urged a political peace offensive, the great military offensive has been successfully begun. Once more plain American boys, your sons and brothers and mine, on Atlantic beachheads as on the Pacific, have fought with a courage surpassing that of ancient heroes immortalized by the poets.

Norman Thomas

But still there is no political peace offensive. It would be worth it if it would save one young life. If that life were your son's, would not your heart cry "Amen"? It would be worth it for the new hope it might give the democratic cause in occupied Europe and among the German people themselves. It would be a thousand times worth it for the help it would give in averting a third world war.

But instead of any such help, the President has taken occasion to emphasize his proposal for guaranteeing world security by a worse League of Nations, an imperialist alliance of the major victors as impermanent and as sure to breed war as alliances always have been. Mr. Wallace is allowed to speak fair words about freedom in Asia. He has no power of action. But the President goes on shoring up the tottering structures of French, Dutch, and British imperialism by the indefinite gift of men and resources in American material. I renew, if possible with greater earnestness than before, our Socialist demand for an immediate peace offensive which will not be a blind commitment to enforce an imperialist peace, but a promise of American cooperation in a federation of peoples freed from every sort of foreign yoke.

One of the tragic facts of our times is that so many Americans are torn between longing for peace and fear of it and the unemployment it will bring. The very failure of peace to bring jobs will be a powerful factor leading to new war. Over and over it has been proved that where jobs are scarce men are willing to make them or see them made by militarism, imperialism, and eventually the wars to which militarism and imperialism inevitably lead.

It is the supreme failure of our civilization that we have not worked our machinery effectively except for war and that we can only provide full employment under conditions of mass homicide. The fault is not in the stars, but in ourselves. We have all the elements of post-war prosperity: resources, machinery, skills, accumulated savings, and a tremendous urge in unsatisfied wants. But these things will no more produce prosperity than stone and wood and brick piled on the ground will produce a house without a plan.

There is one way and one way only to get more jobs. That is deliberately to plan to produce the things we need for the good life. The miracles of war-time production prove that in peace-time we can produce enough to give every American family a minimum income of at least $2,500-$3,000 a year. We cannot do it if the control of our money is left largely in the hands of banks operated for private profit with the virtual power to create interest bearing money. We cannot do it if our natural resources are shockingly wasted in fierce competition or withheld from use altogether in the interests of the profit of absentee owners. We cannot do it if we are left at the mercy of private monopoly. I assert that on their own admissions when they are candid—intelligent advocates of private capitalism, falsely called free enterprise, do not expect to provide full employment. Many of them expect deliberately to resort to imperialism to alleviate an unemployment which never can be cured by a primary trust in the kind of foreign trade which imperialism will promote.

Of course I believe in world trade. But I want a trade which does not rest on the exploitation of any nation and which is not spurred by the grim necessity of procuring some commodity abroad even at the price of war.

The road to prosperity is planning to meet the needs of the American people. It can be better done in peace than war. It can be done with far more democratic controls and less Czarism in war-time but only on the basis set forth in the Socialist platform.

It will never be done at all as long as the people of America allow themselves to believe that the cancer of unnecessary poverty can be cured by Republican or Democratic salves. It can never be done as long as the people of America let themselves be diverted from the issues upon which freedom, peace, and plenty depend by the phony war between Republicans and Democrats, a war which has meaning only in terms of their rivalry for office at the people's expense. You will throw away your votes once more unless this year you will begin to vote for what you want.

That is why Darlington Hoopes and I are making this compaign.

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*A speech made by Mr. Thomas at a rally held at Socialist Park, outside of Reading, Pa., on June 25, 1944.

From Washington Ahead Of The News

By CARLISLE BARGERON

Having hung around Chicago for a few days after the Republican convention and being back in Washington long enough to absorb the reaction of the world's greatest propaganda factory, we would say that one of the most important jobs facing Governor Dewey is to convince the party workers that he is an organization man. We suppose that the first paragraph was the most eagerly sought after portion of his acceptance speech on the part of the 1,000 or so delegates and the newspapermen as well. They were looking quickly to see whether he would pull the boner which Willkie pulled in 1940, a boner which was to set the tone of his relations with the party leaders during the campaign and which was to prove quite costly to him.

Willkie, appearing before the convention after his amazing nomination, said, in effect: "You Republicans, come with me."

Then and there the Republican leaders knew they had done the wrong thing and their worst suspicions were confirmed in a few weeks. Willkie has never yet become a Republican and what is worse, from the standpoint of his own political fortunes, could never successfully disguise his contempt for them.

There is no question about Dewey's being a Republican, but there has been and there still is a question among party leaders whether he didn't get the nomination too easily for him to recognize their importance in the scheme of things. It isn't a question of so-called party bosses wanting to dominate him, as the New Deal propagandists write. It is more a question of vanity on the part of men who are not "bosses" but who are men of prominence and standing in the party and who certainly want to be in on things and who are entitled to be. They quite rightfully don't want to get rid of one so-called strong man who will not recognize their position as Senator, Governor, or even national committeeman or heavy contributor, only to get one of their own party who will not do so.

A lot has been written and spoken on the radio about the lack of enthusiasm for Dewey at the convention, even when he appeared personally. Much of this can be laid to the fact that the weather was killing and that the convention was not a hullabaloo, enthusiastic affair as conventions have been in the past. The war hung strongly over it. Those delegates had sons out there fighting just as do other people.

On the other hand, some of this lack of enthusiasm was due to the feeling that Dewey, at his age, may become cocky and convinced that he is destined to set the world on fire. That he is at a dangerous age to have enjoyed such high honor is admitted by anybody who has seen so-called dynamic 40-year-old executives in action. The psychologists tell us that a man at that age who has tasted of success frequently becomes utterly impossible. There is, however, nothing in the record so far to indicate that the Governor will not keep his feet on the ground.

That first paragraph was a reassuring contrast to Willkie's approach. Dewey expressed his gratitude for the honor that had been bestowed upon him. In about the fourth or fifth paragraph he told of his dependence upon the party organization. In between he did say something about having made no commitments but this is something that all candidates say and of course, he has not made any. Also, his triumvirate of managers were always telling the delegates that he was a thorough organization man, that he had never considered himself a one-man show.

One thing which the New Dealers should get definitely in their heads is the fact that notwithstanding there was more affection at the convention for Bricker; there was never the slightest doubt that Dewey's nomination would be practically unanimous because of the realization that he is a vote-getter. He has shown this in popular polls for four years and he showed it in his two campaigns for Governor of New York.

We do hear some concern expressed about his evident plan to make his campaign a youth movement. This can become offensive, and costly with the youngsters all off to war. And the Dewey people have already bowled over some old-timers who are not only estimable citizens but who have been doing yeoman work for the party. Their treatment of Harrison Spangler and the veteran, Henry P. Fletcher, are two cases in point. Spangler, as national chairman, has not been a master controversialist, but he has given the party one of the best interim organizations it has ever had.

It would seem to us, too, that this emphasis on youth in his appointments walks right into the campaign the New Dealers are making and will continue to make against Dewey: that he is a little squirt or something of the sort.

We are of a mind, however, that it is this very attack that has pushed the Governor into an emphasis on youth, and the theme of his campaign which is to be that the New Deal is made up of tired old men. To have this sort of attack on them will make the New Dealers squirm because nobody has ever talked so viciously about old men than they.

The State Of Trade

The news of the week was filled with many events of great import having a direct bearing on the war and the future course of trade and industry. The selection of Governor Thomas Edmund Dewey of New York by the Republican Convention on Wednesday of the previous week, as the Presidential candidate, and Governor William Bricker of Ohio, the delegates' unanimous choice for the Vice-Presidency, overshadowed the rest of the week's news. Conservative groups of the country gave evidence of a drift to the Republican Party with the apparent purpose in mind of using it as the vehicle through which "our American way of life" would be restored to the people. The Republicans in turn hastened to assure them that their faith and confidence in the party will not have been in vain. Reproaching the New Deal in the Chicago Stadium, by attacks on the idea of an "indispensable man," campaign managers promised a thorough house-cleaning in Washington to curb the extension of bureaucracy and concentration of power and patronage in the hands of the Federal Government. Stressing the opinion that he considered the military aspects of the war a matter for the generals, not the politicians, to handle, Governor Dewey pledged, if elected next November, that no change in the military conduct of the war would result. The Governor was outspoken against any international police force, favoring post-war collaboration to maintain peace. Reassuring the people that liberty would be re-established at home, party leaders promised restoration of peace-time industry immediately upon the cessation of hostilities, prompt settlement of war contracts with early payment of Government obligations and disposal of surplus inventories, and disposal of surplus Government plants, equipment and supplies with due consideration to small buyers. The program, while a commendable one, must of necessity await the outcome of the National elections in November.

A time-worn adage runs, "a long threatening comes at last," and so it did in the case of Finland the previous week. On Friday, last, Secretary of State Cordell Hull announced that the United States had severed diplomatic ties with Finland, declaring her to be a puppet of Nazi Germany. The action signalized the formal recognition of a condition which had existed since Germany declared war on the United States and followed closely (two weeks) after the expulsion of Hjalmar Procope, the Finnish Minister in Washington along with three of his counselors, because of activities "inimical to the interest of the United States." The war has made strange bedfellows, and with Finland it was a case of Hobson's choice.

The heavy and oppressive hand of bureaucratic government on Saturday, last, intruded itself further into the employment situation of the nation and added fresh woes to the already overburdened shoulders of labor and management. Manpower shortages existing in some critical areas, induced by loss of men to the armed forces and a return of war workers to peace-time jobs were responsible for the "job referral plan" which went into operation on that day, according to the WMC.

One other bit of news of vital importance to business and industry was the long-awaited legis-

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Bricker Says Paramount Need Is Defeat of New Dealism—Transcends "Any Individual Ambition"

Ohio's Governor, In Accepting Vice-Presidential Nomination, Tells Republican Convention That "I Am More Interested In Defeating Philosophy Of Absolutism Which Has Swept Free Government From Majority Of Nations" Than In Being President.

Expressing himself as "deeply grateful" to those who had supported him as a candidate for the Republican nomination for President, Gov. John W. Bricker of Ohio, requested the delegates from that state, at the Republican National Convention at Chicago, on June 28, not to present his name to the convention, but to cast their votes for Gov. Dewey of New York, for President of the United States.

John W. Bricker

Gov. Bricker, who received the nomination at the convention as the Vice-Presidential candidate of the Republican Party, referred in his speech to his tour of the country in the past six months "preaching the gospel of Republicanism, which is the gospel of Americanism" and stated that "time and again I have said throughout the country, to the Democratic friends who are supporters of our cause, that the old-line Democrats, the Jeffersonian Democrats, and the Republicans have so much in common now; neither side has anything to say about what goes on in Washington today.

Gov. Bricker added that "a thousand times I have said to you and Republicans everywhere that this is an hour when personal ambition should not prevail, that the party is greater than any individual ambition. Personally, I am more interested in defeating the New Deal philosophy of absolutism which has swept free government from the majority of countries throughout the world! I am more interested in defeating that than I am in personally being President of these United States."

We give herewith Gov. Bricker's speech in full:

I am deeply grateful to the many friends who have expressed their loyalty to me, far more important than that, to the cause for which I have tried to stand. I have traveled throughout the United States for the last six months preaching to the best of my ability the gospel of Republicanism, which is the gospel of Americanism.

I have talked with you in your homes and your public meetings. I have talked with you privately, and I know the heart, the feeling, the longing, and the determination of the people of America, expressed through the representatives assembled here to preserve, not only for America but for the whole world, the blessings of free government and liberty as we have them here in America.

There has been a magnificent response everywhere to the preaching of fundamental American constitutional doctrine. Everywhere Republicans have come, and come enthusiastically, and Democrats have come by the thousands to Republican meetings.

Time and again I have said throughout this country, to the Democratic friends who are supporters of our cause, that the old-line Democrats, the Jeffersonian Democrats, and the Republicans have so much in common now; neither side has anything to say about what goes on in Washington today.

A thousand times I have said to you and Republican everywhere that this is an hour when personal ambition should not prevail, that the party is greater than any individual ambition. In this hour, when the nation calls for unselfish service, the Republican party unselfishly goes into the campaign to redeem free government that the world may be better tomorrow.

A thousand times I have said to you that I am personally more interested—and this comes from the depths of my heart—that personally I am more interested in defeating the New Deal philosophy of absolutism which has swept free government from the majority of countries throughout the world; I am more interested in defeating that than I am in personally being President of these United States.

I say to you today that it is the first duty of every Republican, as of every patriotic American citizen of every political party, to do all in its power to promote the war effort and bring speedy victory, that our boys may soon come home again.

I would not be here today, pleading the cause of the Republican party, if I did not believe with all sincerity in my heart that the best thing that could happen, the one thing that would bring speedy victory, a better world in which to live, better international relations, would be the election of a Republican President and a Republican Congress this fall.

Industry, under the impetus of such a victory, would produce as it never produced before. Labor would work as never before. When victory comes, we should have a stable, consistent economic tax policy in this country which would give greater hope of return than possibility of loss.

Labor would work as never before because it knows, as you and I well know, that this government canot reach out its tentacles and take a strangle hold on one segment of society unless ultimately every segment of society comes under the domination and dictates of government.

Agriculture would be encouraged as nothing else could encourage it—by a Republican victory—because a bureaucratic government would be taken off its neck and farmers again could till the soil as independent farmers of America have always tilled the soil.

Appreciative as I am of the devotion to the cause which I have tried to represent of the many that are gathered here, I understand it is the overwhelming desire of this convention to nominate a great, a vigorous, a fighting young American, the noble and dramatic and appealing Governor of the State of New York—Thomas E. Dewey.

He charged the ramparts of crime and took them. He took over the government of the great State of New York, the largest state of the Union, and what a magnificent job he has done as Governor of that State! He understands not alone domestic problems, but international issues. The relationships of the nations of the world of tomorrow are going to be more trying than they ever have been before, and we cannot separate our domestic policies from our international program.

The hope of a better tomorrow lies in Thomas E. Dewey becoming the leader of the Republican hosts who will free us from the clutches of bureaucracy next January.

Time and again I have said that as this campaign goes on my heart and soul will be behind it, regardless of who might be nominated here today. Let me say to you that the best President of the United States to build a better international order tomorrow will be the best American President.

He shall speak for the people of America through the platform which has been adopted by this convention, one of sound American doctrine, which will preserve our form of representative republican government and which will bring a Republican victory this fall.

I am conscious of the fact that it is the desire of the great majority of the delegates to this convention to nominate the gallant fighting Governor of the State of New York for President. I believe in party organization, as expressed in this legally constituted representative body of my party.

I believe a Republican victory is not only necessary this fall to preserve the Republican party, but it is necessary likewise to preserve our two-party system. To preserve a representative system of government here in America, and likewise necessary to preserve the Democratic party.

I appreciate the support which has been accorded me by the delegates from Ohio, especially the support which they have given in the last few days; but I am now asking them not to present my name to this convention, but to cast their votes, along with those of the host of friends I have here, for Thomas E. Dewey for President of the United States.

New International Currency System Seen As Possibility In League of Nations Report

A new international currency system may develop from a common acceptance of the need to maintain employment and economic stability, just as the gold standard grew up through the spontaneous recognition of a common primary objective—exchange stability, says a League of Nations report on "International Currency Experience" soon to be published by the International Documents Service of the Columbia University Press. Such a system, it is contended, would incidentally put an end to the paradoxical conditions in which, for lack of home demand, countries endeavored to stimulate domestic employment by "improving" their trade balances of international settlements.

"Any system of generally stable exchanges presupposes some coordination between the movement of income, prices and economic activity in different countries," continues the report, discussing the lessons of the inter-war period. According to the announcement from Columbia University the report also states:

"The traditional gold standard was a system which imposed a relatively high degree of coordination in national monetary policies and business conditions. But this coordination usually involved wide fluctuations of income and employment in all countries simultaneously.

"Such 'synchronization' of cyclical movements has tended to become less and less acceptable to a growing number of countries. There has developed an insistent demand for economic stability and social security. The only form of synchronization compatible with this demand is a coordination of policies aiming at a stable level of good employment. At bottom, however, the maintenance of a stable and adequate level of economic activity in the advanced industrial countries is a domestic responsibility for each of these countries; and if some of them lack the will, the knowledge or the power to achieve it, no formal agreement for the coordination of anti-cyclical policies is likely to secure the desired effect.

"In that case there would be need for international agreement of another kind, namely, agreement in regard to measures designed as far as possible to prevent depression in one country from spreading to others. This, admittedly, would be only a palliative; and it may imply an unduly pessimistic view of the will. the knowledge and the power of advanced industrial countries to avert or mitigate depression at home by measures of domestic policy.

"The will must spring inevitably from the demand of the wide masses of working people for security of employment and income; knowledge of the various possible tools of anti-cyclical policy has been spreading; and the power to use these tools has increased with the steady growth of governmental and other central agencies and controls in the field of economic affairs. Even without any international agreement, the spontaneous adoption and pursuit by different countries of the same basic objective—economic stability and full employment—is not an impossible hypothesis in these circumstances.

"The nineteenth century gold standard system did not emerge as the result of an international convention or agreement imposing a set of formal obligations on the member countries. It sprang up spontaneously through the recognition by various individual nations of certain common objectives, chief among them being exchange stability. But the mechanism by which this stability was maintained involved parallel fluctuations of economic activity in the different countries. The instability of the system as a whole was the price paid for stability of exchange rates between the members. In the course of time this price was felt to be too great; economic advance and growing social consciousness led to a demand for greater stability of income and employment.

"One of the manifestations of this search for stability was the preoccupation of international conferences in the 'twenties with the problem 'preventing undue fluctuations in the purchasing power of gold.' This reflected a concern for the stability of the system as a whole; but the aim in view was too limited and, being too limited, unattainable. For price stability does not ensure stability of income and employment, and cannot in fact be achieved in the long run except through stable income and employment. At the same time individual countries in their desire to insulate themselves from outside disturbances began to deviate from the traditional 'rule of the game.' The practice of neutralizing the effect of gold movements on the internal money supply became increasingly common during the inter-war period. This tended indeed to keep the credit base more stable, but it was not by itself sufficient to offset the direct effects of balance-of-payments fluctuations on national income and expenditure.

"There has developed a growing realization that stability of income and employment calls for policies operating not merely on prices and the credit base but on the volume of effective demand; and this affords a new hope for stability on a wider front. While the synchronization of national policies required under the gold standard conflicted at times with the demands of internal stability and was for this very reason gradually abandoned, a synchronization of policies aimed at sustaining and steadying effective demand in the various countries would promote both internal stability and stability of exchange rates at the same time."

Roosevelt Signs Bill Extending Price Control Act For One Year—Sees Enforcement Impaired

President Roosevelt signed on June 30 the bill passed by Congress extending for one year to June 30, 1945, the Price Control and Wage Stabilization Act. Adoption of the compromise measure, as worked out by the Conference Committee of the House and Senate, was finally approved by Congress on June 21, when both the Senate and House adopted the conference report. As was indicated in our issue of June 22, page 2614, the bill was sent to conference on June 14, after the House on that date had passed its bill differing in some respects from that adopted by the Senate on June 9.

In approving the compromise bill President Roosevelt stated that "in enacting the Stabilization Extension Act, the Congress has performed a signal service." "It has made clear," he said, "that it is the wish, not of a few Government officials, but of all our people, that the line against inflation should be held."

"In particular," the President stated, "it should be noted that the Congress rejected all pleas which would require any general change in the wage, price and subsidy policies now in effect." The President indicated that "the provisions of the Extension Act which give me the most concern are those relating to enforcement. No act is any better than its enforcement. No act, least of all a price-control act, can be effectively enforced without the support of the people affected by it." Expressing "fear that the changes made will weaken and obstruct the effective enforcement of the law," the President added that "I hope that experience may not justify my fear. But if it should turn out that the enforcing officers encounter serious difficulties in bringing chiselers and black market operators to book, I shall ask the Congress to remove the difficulties."

The President's statement follows:

"By the Stabilization Extension Act which I have just signed, the Congress renews the general authority vested in the executive agencies by the Emergency Price Control and Stabilization Acts to hold the line against inflation.

"For more than two years, under the Emergency Price Control and Stabilization Acts, we have been fighting inflation and fighting it successfully. Although the cost of living rose substantially in the early years of the war, for a whole year the cost of living has been held without change. This, of course, was possible only with the aid of the limited subsidies authorized by the Congress. While clothing prices have risen during the past year, they have not risen enough to wipe out the reduction in

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The Financial Situation

(Continued from first page)

crats do not even know what makes a job, or words to that effect. We are certain that Mr. Dewey is aware that it is now incumbent upon him to convince the American people that he knows what "makes a job."

There are many points at which thoughtful citizens of this country want more light upon the ideas and plans of the candidate and his party. One of them that is receiving a very large amount, we had almost said an undue proportion, of public attention at this time is our foreign relations. It may or may not be true, as some have suggested, that the party contains such disparate elements as regards views on foreign policy that it can safely do no more than talk in vague generalities. About that we scarcely feel qualified to speak. What we are quite certain of is that there are a great many Americans who are convinced that we need, indeed we must have, much more plain common sense in our dealings with other peoples and in our post-war planning than we have had for a long while past. How many of these are Republicans we have no way of knowing, but they vote and their votes count.

Foreign Policy

One of the speakers in Chicago referred somewhat obliquely to the possibility that we owe it to our own past blunders that we are now involved in the present war. He quite soundly added that however we may have got into it, we are now in it all the way—and that for the moment at least that is the vital thing, that and the fact that we must win it in the shortest possible time. But this matter of our entry and its origin deserves much more attention than it has been getting. It must have more attention if we are to plan intelligently and effectively for our post-war international relations. Study of this aspect of recent history might very well bring a good many to a full realization of the dangerous nature of some of the proposals now being brought forward by influential individuals and groups as means of preventing wars in the future.

But upon many other aspects of our foreign policy light is badly needed. We have heard so much of late about proposed international monetary plans and the like that it seems to be taken for granted in some quarters that something of the sort is essential — or at any rate is "modern" and therefore much to be desired. Yet it seems clear as day to us that anything so elaborate, so binding, so demanding as any of the current proposals are definitely out of order — not needed and not at all likely to bring the results desired. We are equally certain that they could well be the means of unintended contributions by us in large amounts to the shrewder, more profligate or "poorer" nations of the world. The notion that the nations of the world, almost without exception, will be bankrupt and dependent upon us at the close of the war has been greatly overdone. Many of them will be richer, at least in their command over the currencies of other nations, than they ever were before in their lives. What does the Republican candidate think of all these and closely related matters? It is certainly to be hoped that his concern with our foreign relations is not centered around his party's apparent determination to cling stubbornly to its historic advocacy of absurd tariff protection.

Domestic Policies

At home, too, there are many topics concerning which the public wants light from the "opposition." In many of these questions the record of Republican members of Congress is not enlightening, and so far as it appears to reveal anything it is not particularly encouraging. That of the candidate himself, so far as it goes, is more heartening. He has done a good job at Albany, and in doing so seems by actions which speak louder than words to have made it plain that he has little faith in at least some of the most prized nonsense of the New Deal. But the light thus obtained is too limited in scope. More is needed. The candidate will have to furnish it. The platform is worthless, or very nearly so.

One would vote for Mr. Dewey with much greater confidence and a great deal more satisfaction if he had meanwhile denounced in unmistakable terms the managed economy theory of public policy — the notion that somehow government can and should make all the major business decisions, "stimulating" here and "discouraging" there—not to say commanding or prohibiting. Along with it should come a repudiation of the idea that by this or that means, particularly the payment of high wages, or tinkering with money or credit, "purchasing power" is "created" and redounds to the benefit of all. Much of this sort of theory quickly degenerates into excuses for pandering to labor unions or bribing the farmer. It should not be so employed by the Republican party, and we need assurance that it will not be so used. More explicit assurances that the vast army of bureaucrats will be promptly and permanently sent home to make a living by contributing to the stream of economic goods and services would help a good deal.

Many more illustrations could be cited, but what has been said should serve to make the meaning clear. Twice since Mr. Roosevelt was first swept into office on the strength of pledges he promptly forgot have the Republicans sought to unseat him without giving the public sound reasons to believe that they would get something much better were a change instituted. Both have failed. As in the previous campaigns the candidate must carry the burden of a miserable party record in Congress, but it should not be impossible by any means to give the voters reason for hope of better things if the candidate speaks plainly and sensibly—and is able to give evidence of reasonable control of his party.

NAM Sees Stabilizing Post-War Economy No. 1 Business Of Free Enterprise System

How far we have left our free economy behind, is indicated to a startling degree when we examine the prospect of returning to it, according to such an examination by three committees of the National Association of Manufacturers during the past months. In advance of any policy pronouncement by these committees—concerned with Wartime Control Termination, the Resumption of Civilian Production and Inflation Control—the National Association of Manufacturers has summarized "some of the highlights brought out in committee discussions of the tangled economic future."

The summary, published to 12,000 members of the Association on June 26 as a supplement to the weekly "NAM News," reads in part:

"It seems at this moment that many of the existing controls over war production will be extended indefinitely over the resumption of civilian production. As the war tapers off, we will move toward an eventual point where substantially all the national production will have become civilian, but where it might still be under government control as to allocation of materials, manpower controls, wage freezing, price ceilings, rationing and other associated features of a controlled wartime economy.

"The justification offered for this continued government control of the civilian economy is that producers of war goods and civilian goods, alike, must be regarded as part of a single overall wartime economy until the last shot is fired at our last enemy.

"And even after the last shot, it is argued that the over-all government control of the civilian economy then in effect should be continued further as a safeguard against inflation.

"How long we will run after the war as a government controlled civilian economy will depend on how the nation deals with some of the problems which are already rising in the way of our return to economic freedom.

"We must start by accepting the WPB view that civilian production can be resumed only as materials become available; and further, only where war employment is not critical, and where war transportation will not be interfered with; and, in general, where the civilian producer has also satisfied any war production obligation that he may have currently or in prospect.

"Those are conditions which can be determined only by the governmental war control agencies.

"Moreover, until the last shot, there will be a sufficient volume of war production to keep the economy under these war controls. Tapering off war orders will be done on the same principle under which the victory is now being sought; namely, having too much equipment rather than too little and too late.

"The American and allied forces may be expected to proceed on the security principle that all the reasons for war controls will continue to exist until the enemy is effectively disarmed and his territory completely occupied. In advance of this condition, excessive cutting back of war orders or using up strategic stockpiles or letting too large a percentage of industry reconvert from war stand-by to civilian production might be playing into the hands of the enemy—in a sort of preparedness which had gone into reverse.

"Meanwhile, the WPB is following a policy of deciding what is needed most by the civilian economy and of authorizing its manufacture first—for instance, farm machinery, tires, spare auto parts, household utensils.

"In all probability the post-war inflation danger rather than any wartime danger to our national security, will determine how long the economic controls will stay on. So long as the current supply of civilian goods is notably less than the demand, the danger of inflation or runaway prices will exist, if controls are removed.

"The principal impediment is that we cannot reach our maximum production level until the millions of workers now in war production and the 10 millions of men in the armed forces have all been returned to civilian jobs.

"The answer to the question, 'How long is necessary'? may lie in the operations of the war control administration themselves, if properly defined and properly administered. The answer might be that controls are no longer necessary when administrative agencies find there is no longer any pressure on them.

"In general, the representatives of the organized economy seem equally aware of the risks of keeping the controls on too long and the risks of taking them off too soon.

"If the controls are kept on too long, the economic system may come to rely on them. After years of highly centralized action, both military and economic, with control of facts and even occasionally of opinions, as well as of men and materials, it might be difficult to get back to the spirit of a free economy, based on free and informed individual judgments. For it is possible to pauperize initiative. To some businessmen the control system might become a sort of economic WPA. The Better America would become a more controlled America — not a freer America. Some businessmen might prefer the expedient security of the control system instead of the risk of economic opportunity.

"On the other hand, if a serious dislocation occurs on shifting from a controlled to a free economy, it is evident that the cry will be raised that the shift was made too early and the controls will come back. In the opinion of a large number of businessmen who have considered the possibility, such returned controls would be reestablished for the purpose of regulating the peacetime economy permanently.

"If we escape without dislocation from the wartime and inflation controls, this achievement of the controlled economy would probably be recalled—popularly and demagogically—if the peacetime economy ever again became seriously dislocated.

"The problem of stabilizing the post-war economy, therefore, becomes the Number-One-Business of the free enterprise system through its trade associations and policy committees.

"If they cannot suggest how to do it, the government undoubtedly will be popularly invited to take over during the next depression. In that sense the next depression will continue to hang hereafter like an inevitable foreclosure over the free economy. For in our war experience we have tasted the fruit of the tree of the controlled economy. We can never again be sure that our free economy will always remain free."

Stalin Declares Invasion In France 'Brilliant Success' and 'Masterly In Execution'

Premier Joseph Stalin declared on June 13 that the Allied landing in France was a brilliant success and that the history of war did not know any operation so broad in conception, grandiose in scale and masterly in execution. Advices from Moscow on that date to the New York "Times," from which we quote, further stated:

Marshal Stalin's views were made known to British and American correspondents by the Foreign Office in the form of his reply to a question put by a Pravda correspondent.

Marshal Stalin said:

> In adding up the results of the seven-day battles by the Allied troops of liberation who invaded northern France, one may say without hesitation that the large-scale forcing of the English Channel and the mass landing of troops of the Allies in northern France have fully succeeded. This is undoubtedly a brilliant success of our Allies. One must admit that the history of wars does not know any such undertaking so broad in conception and so grandiose in its scale and so masterly in execution.
>
> As we know, the "invincible" Napoleon shamefully failed in his own time with his plans to force the Channel and capture the British Isles. Hitler, the hysteric, who boasted for two years that he would carry out a crossing of the Channel, did not even risk making an attempt to carry out his threat.
>
> Only the British and American troops succeeded in honorably fulfilling the grandiose plan of crossing the Channel and landing troops in mass. History will write this down as an achievement of the highest order.

It was the first public comment made by Marshal Stalin since the Allies opened the long-awaited "second front." His declaration of complete satisfaction with the progress of the operation served to recall his October, 1942, letter to the Moscow correspondent of the Associated Press, in which he declared that the greatest help that could be given to Russia would be for the Allies to carry out their obligations fully and on time. That was a reference to the statement of London and Washington after the visit of Foreign Commissar Vyacheslaff M. Molotoff that an agreement had been reached on the urgent tasks of creating a "second front" in Europe in 1942.

Items About Banks, Trust Companies

The Chase National Bank of the City of New York announces the appointment of Leo F. Kelley as a Second Vice-President in the Foreign Department. Mr. Kelley has been an Assistant Cashier of the bank.

The Bankers Trust Co., New York, reported as of June 30, 1944, total deposits of $1,731,284,720 and total assets of $1,867,126,227, compared, respectively, with $1,649,765,468 and $1,792,379,516 Mar. 31. Cash on hand and due from banks amounted on June 30 to $304,879,898, against $306,207,797; holdings of United States Government securities to $1,028,566,970, against $1,005,503,129, and loans and bills discounted to $453,828,399, against $384,159,407. Capital and surplus were unchanged at $25,000,000 and $75,000,000, respectively, and undivided profits were $28,429,971 against $26,676,054 at the end of March.

The Chemical Bank & Trust Company of New York reported as of June 30, 1944, deposits of $1,311,718,685 and total assets of $1,408,349,505 as compared, respectively, with $1,206,319,742 and $1,302,762,968 on March 31, 1944. Cash on hand ann due from banks amounted to $282,907,404 compared with $259,657,970; holdings of United States Government securities to $710,300,107, against $674,093,586; bankers' acceptances and call loans to $99,874,584, against $74,833,136; and loans and discounts to $171,174,963 against $145,786,905. Capital and surplus are unchanged at $20,000,000 and $55,000,000, respectively, and undivided profits are $8,558,020 against $7,994,374 at the end of March.

George W. Burpee, President and a director of the General Aniline and Film Corp., was on June 29 elected a member of the Board of Directors of the Bank of the Manhattan Company of New York. Mr. Burpee is a partner in the engineering firm of Coverdale & Colpitts and is a director of American Export Air Lines, the Burson Knitting Mills, the Tennessee, Alabama and Georgia Railway and Lukens Steel Company. He is a director of the American Society of Civil Engineers and a past president of the American Institute of Consulting Engineers.

Following a meeting of the Board of Directors held on June 29, F. Abbot Goodhue, President of the Bank of the Manhattan Co., announced the election of Alexander McHardy as Assistant Cashier. Prior to joining the staff of the Bank of the Manhattan Company Mr. McHardy had been associated with the Bank of Nova Scotia in charge of branches in Puerto Rico and Santo Domingo and later at the main office in Toronto as Superintendent of Ontario branches. He is now attached to the Branch Department of the Bank of the Manhattan Company, 40 Wall Street.

The statement of condition of Manufacturers Trust Company of New York as of June 30, 1944, shows deposits of $1,694,391,593, which include United States Government War Loan deposits of $262,947,502. Resources are $1,797,641,066. These figures compare with deposits of $1,562,527,324 and resources of $1,665,581,402 shown on March 31, 1944. On June 30, 1943, the respective figures were $1.416,802,430 and $1,517,315,839. United States Government War Loans deposits on March 31, 1944, were $185,910,471, and on June 30, 1943, they were $103,136,634. Cash and due from banks is listed on June 30, 1944, at $368,368,496 as against $372,935,412 shown on March 31, and $330,842,294 shown a year ago. United States Government securities stand at $974,290,789; three months ago they were $864,450,080, and one year ago they were $805,566,229. Loans, bills purchased and bankers' acceptances are now $375,174,899, which compare with $335,440,682 on March 31 and $276,254,774 on June 30, last year. Preferred stock is shown as $8,009,920, common as $32,998,440, and surplus and undivided profits as $50,048,134. Net operating earnings for the six months ending June 30, 1944, after amortization, taxes, etc., as well as dividends on preferred stock, were $3,805,886, or $2.31 a share, which compares with $2.17 a share for the six months ending June 30, 1943. Of this amount, $1,649,919 was paid in dividends on common stock, and $2,155,967 was credited to undivided profits.

The New York Trust Co. reported as of June 30, 1944, total deposits, including outstanding certified checks of $776,837,076 and total assets of $833,420,179, compared, respectively, with $694,918,435 and $750,817,589 on Mar. 31. Cash on hand and due from banks, including exchanges, amounted to $150,971,485, against $148,148,654; holdings of United States Government securities are now $455,606,903, against $407,303,560, and loans and discounts are shown as $188,349,955, against $165,464,308. Capital and surplus were unchanged at $15,000,000 and $30,000,000, respectively, and undivided profits are now $7,138,293, against $6,635,497 at the end of March.

E. Chester Gersten, President of the Public National Bank & Trust Company of New York, announced on June 29 that Mr. Samuel Stock was that day elected Vice-President, effective Aug. 1. Mr. Stock, who is now President of the First National Bank, South Amboy, N. J., has been in the banking business practically all his business life, having started with the National Bank of Commerce in New York in 1914, continuing there and with the Guaranty Trust Company, into which the former was merged, for 18 years. Mr. Stock will continue as director of the First National Bank, South Amboy, N. J.

(Continued on page 112)

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on July 4 that the tenders for $1,200,000,000, or thereabouts, of 91-day Treasury bills to be dated July 6 and to mature Oct. 5, 1944, which were offered on June 30, were opened at the Federal Reserve Banks on July 3.

The details of this issue are as follows:

Total applied for, $2,215,011,000. Total accepted, $1,216,173,000 (includes $48,741,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(49% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 15 in the amount of $1,007,677,000.

Morgenthau's Address To The Monetary Conference

(Continued from first page)

Through cooperation we are now overcoming the most fearful and formidable threat ever to be raised against our security and freedom. In time, with God's grace, the scourge of war will be lifted from us. But we shall delude ourselves if we regard victory as synonymous with freedom and security. Victory in this war will give us simply the opportunity to mold, through our common effort, a world that is, in truth, secure and free.

We are to concern ourselves here with essential steps in the creation of a dynamic world economy in which the people of every nation will be able to realize their potentialities in peace; will be able, through their industry, their inventiveness, their thrift, to raise their own standards of living and enjoy, increasingly, the fruits of material progress on an earth infinitely blessed with natural riches.

This is the indispensable cornerstone of freedom and security. All else must be built upon this. For freedom of opportunity is the foundation for all other freedoms.

I hope that this conference will focus its attention upon two elementary economic axioms. The first of these is this: that prosperity has no fixed limits. It is not a finite substance to be diminished by division. On the contrary, the more of it that other nations enjoy, the more each nation will have for itself.

There is a tragic fallacy in the notion that any country is liable to lose its customers by promoting greater production and higher living standards among them. Good customers are prosperous customers. The point can be illustrated very simply from the foreign-trade experience of my own country. In the pre-war decade about 20% of our exports went to the 47,000,000 people in the highly industrialized United Kingdom; less than 3% went to the 450,000,000 people in China.

The second axiom is a corollary of the first. Prosperity, like peace, is indivisible. We cannot afford to have it scattered here or there among the fortunate or to enjoy it at the expense of others. Poverty, wherever it exists, is menacing to us all and undermines the well-being of each of us. It can no more be localized than war, but spreads and saps the economic strength of all the more favored areas of the earth. We know now that the thread of economic life in every nation is inseparably woven into a fabric of world economy. Let any thread become frayed and the entire fabric is weakened. No nation, however great and strong, can remain immune.

All of us have seen the great economic tragedy of our time. We saw the world-wide depression of the 1930's. We saw currency disorders develop and spread from land to land, destroying the basis for international trade and international investment and even international faith. In their wake, we saw unemployment and wretchedness—idle tools, wasted wealth. We saw their victims fall prey, in places, to demagogues and dictators. We saw bewilderment and bitterness become the breeders of fascism, and, finally, of war.

In many countries controls and restrictions were set up without regard to their effect on other countries. Some countries, in a desperate attempt to grasp a share of the shrinking volume of world trade, aggravated the disorder by resorting to competitive depreciation of currency. Much of our economic ingenuity was expended in the fashioning of devices to hamper and limit the free movement of goods. These devices became economic weapons with which the earliest phase of our present war was fought by the Fascist dictators. There was an ironic inevitability in this process. Economic aggression can have no other offspring than war. It is as dangerous as it is futile.

We know now that economic conflict must develop when nations endeavor separately to deal with economic ills which are international in scope. To deal with the problems of international exchange and of international investment is beyond the capacity of any one country, or of any two or three countries. These are multilateral problems, to be solved only by multilateral cooperation. They are fixed and permanent problems, not merely transitional considerations of the post-war reconstruction. They are problems not limited in importance to foreign exchange traders and bankers but are vital factors in the flow of raw materials and finished goods, in the maintenance of high levels of production and consumption, in the establishment of a satisfactory standard of living for all the people of all the countries on this earth.

Throughout the past decade, the Government of the United States has sought in many directions to promote joint action among the nations of the world. In the realm of monetary and financial problems, this Government undertook, as far back as 1936, to facilitate the maintenance of orderly exchanges by entering into the Tri-Partite Agreement with England and France, under which they, and subsequently Belgium, the Netherlands and Switzerland, agreed with us to consult on foreign exchange questions before important steps were taken. This policy of consultation was extended in the bi-lateral exchange arrangements which we set up, starting in 1937, with our neighbors on the American continents.

In 1941, we began to study the possibility of international cooperation on a multilateral basis as a means of establishing a stable and orderly system of international currency relationships and to revive international investment. Our technical staff—soon joined by the experts of other nations—undertook the preparation of practical proposals, designed to implement international monetary and financial cooperation. The opinions of these technicians, as reported in the joint public statement which they have issued, reveal a common belief that the disruption of foreign exchanges *can* be prevented, and the collapse of monetary systems *can* be avoided, and a sound currency basis for the balanced growth of international trade *can* be provided, if we are forehanded enough to plan ahead of time—and to plan together. It is the consensus of these technical experts that the solution lies in a permanent institution for consultation and cooperation on international monetary, finance and economic problems. The formulation of a definite proposal for a Stabilization Fund of the United and Associated Nations is one of the items on our agenda.

But provision for monetary stabilization alone will not meet the need for the rehabilitation of war-wrecked economies. It is not, in fact, designed toward that end. It is proposed, rather, as a permanent mechanism to promote exchange stability. Even to discharge this function effectively, it must be supplemented by many other measures to remove impediments to world trade.

For long-range reconstruction purposes, international loans on a broad scale will be imperative. We have in mind a need wholly apart from the problem of immediate aid which is being undertaken by the United Nations Relief and Rehabilitation Administration. The need which we seek to meet through the second proposal on our agenda is for loans to provide capital for economic reconstruction, loans for which adequate security may be available and which will provide the opportunity for investment, under proper safeguards, of capital from many lands. The technicians have prepared the outline of a plan for an International Bank for Post-War Reconstruction which will investigate the opportunities for loans of this character, will recommend and supervise them and, if advisable, furnish to investors guaranties of their repayment.

I shall not attempt here to discuss these proposals in detail. That is the task of this conference. It is a task the performance of which calls for wisdom, for statesmanship, above all for goodwill.

The transcendent fact of contemporary life is this—that the world is a community. On battlefronts the world over, the young men of all our united countries have been dying together—dying for a common purpose. It is not beyond our powers to enable the young men of all our countries to *live* together—to pour their energies, their skills, their aspirations into mutual enrichment and peaceful progress. Our final responsibility is to them. As they prosper or perish, the work which we do here will be judged. The opportunity before us has been bought with blood. Let us meet it with faith in one another, with faith in our common future, which these men fought to make free.

***Article VII**

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on Aug. 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

Foreign Policy And Other Planks In Republican Platform Adopted At Chicago

The "prosecution of the war to total victory against our enemies in full cooperation with the United Nations and all-out support of our armies and the maintenance of our Navy under the competent and trained direction of our General Staff and Office of Naval Operations without civilian interference and with every civilian resource" is pledged in the platform adopted at the Republican National Convention in Chicago on June 27.

The Convention, which opened on Monday, June 26, and was concluded on June 28, resulted in the nomination of Gov. Thomas E. Dewey of New York and Gov. John W. Bricker of Ohio as the candidates for President and Vice-President respectively of the Republican Party, as was noted in our June 29 issue, page 2689.

The foreign policy plank adopted at the Convention, referred to above, also declared it to be the "relentless aim" of the Repupblican party "to win the war against all our enemies:

"1. For our own American security and welfare.

"2. To make and keep the Axis powers impotent to renew tyranny and attack.

"3. For the attainment of peace and freedom based on justice and security."

It is further declared that "we shall seek to achieve such aims through organized international co-operation and not by joining a world state." Likewise, says the plank, "we favor responsible participation by the United States in post-war co-operative organization among sovereign nations to prevent military aggression and to attain permanent peace with organized justice in a free world." It is also stated that "we shall seek, in our relations with other nations, conditions calculated to promote world-wide economic stability not only for the sake of the world, but also to the end that our own people may enjoy a high level of employment in an increasingly prosperous world." Among other things the plank sets out that "we shall sustain the Constitution of the United States in the attainment of our' international aims; . . . we shall at all times protect the essential interests and resources of the United States."

As to domestic policy, the platform states that "we shall devote ourselves to re-establishing liberty at home"; "we shall adopt a program to put men to work in peace industries as promptly as possible and with special attention to those who have made sacrifice by serving in the armed forces. We shall take Government out of competition with private industry and terminate rationing, price fixing and all other emergency powers. We shall promote the fullest stable employment through private enterprise."

The Republican party pledges its support to the "extension of the existing old-age insurance and unemployment insurance systems to all employees not already covered; the return of the public employment office system to the states at the earliest possible time, financed as before Pearl Harbor; "the stimulation of state and local plans to provide decent low-cost housing properly financed by the Federal Housing Administration, or otherwise, when such housing cannot be supplied or financed by private sources," etc.

As to labor the platform records the Republican party as accepting "the purposes of the National Labor Relations Act, the Wage and Hour Act, the Social Security Act and all other Federal statutes designed to promote and protect the welfare of American working men and women, and we promise a fair and just administration of these laws."

Reciting that "abundant production is the best security against inflation" the plank in the platform bearing on agriculture offers a program designed "to assure independence of operation and bountiful production, fair and equitable market prices for farm products and a sound program for conservation and use of our soil and natural resources"; this includes "the control and disposition of future surpluses by means of (A) new uses developed through constant research, (B) vigorous development of foreign markets, (C) efficient domestic distribution to meet all domestic requirements, and (D) arrangements which will enable farmers to make necessary adjustments in production of any given basic crop only if domestic surpluses should become abnormal and exceed manageable proportions."

Under the head "Business and Industry," the platform says, "we give assurance now to restore peace-time industry at the earliest possible time, using every care to avoid discrimination between different sections of the country"; "small business," it says, "is the basis of American enterprise. It must be preserved. If protected against discrimination and afforded equality of opportunity throughout the nation, it will become the most potent factor in providing employment. It must also be aided by changes in taxation, by eliminating excessive and repressive regulation and Government competition." It is added that "for the protection of the public, and for the security of millions of holders of policies of insurance in mutual and private companies, we insist upon strict and exclusive regulation and supervision of the business of insurance by the several states where local conditions are best known and where local needs can best be met."

The stand is taken by the Republicans that "as soon as the war ends the present rates of taxation on individual incomes, on corporations, and on consumption should be reduced as far as is consistent with the payment of the normal expenditures of government in the post-war period." The platform further asserts that "control of the currency must be restored to Congress by repeal of existing legislation which gives the President unnecessary and dangerous powers over our currency." The platform also says "we will establish and maintain a fair protective tariff on competitive products."

From the platform we also quote:

"We favor assistance by direct credits in reasonable amounts to liberated countries to enable them to buy from this country the goods necessary to revive their economic systems."

"We favor an amendment to the Constitution providing that no person shall be President of the United States for more than two terms of four years each."

"We unreservedly condemn the injection into American life of appeals to racial or religious prejudice."

"It is imperative to the maintenance of a free America that the press and radio be free and that full and complete information be available to Americans. There must be no censorship except to the extent required by war necessity."

In all, 27 planks are embodied in the platform.

The following is the text of the Republican platform adopted by the Republican National Convention:

The tragedy of wars is upon our country as we meet to consider the problems of government and our people. We take this opportunity to render homage and enduring gratitude to those brave members of our armed forces who have already made the supreme sacrifice, and to those who stand ready to make the same sacrifice that the American course of life may be secure. Mindful of the solemn hours and humbly conscious of our heavy responsibilities, the Republican party in convention assembled presents herewith its principles and makes these covenants with the peple of our nation.

The War and the Peace

We pledge prosecution of the war to total victory against our enemies in full cooperation with the United Nations and all-out support of our Armies and the maintenance of our Navy under the competent and trained direction of our General Staff and Office of Naval Operations without civilian interference and with every civilian resource.

At the earliest possible time after the cessation of hostilities we will bring home all members of our armed forces who do not have unexpired enlistments and who do not volunteer for further overseas duty.

We declare our relentless aim to win the war against all our enemies: (1) for our own American security and welfare; (2) to make and keep the Axis powers impotent to renew tyranny and attack; (3) for the attainment of peace and freedom based on justice and security.

We shall seek to achieve such aims through organized international cooperation and not by joining a world state.

We favor responsible participation by the United States in post-war cooperative organization among sovereign nations to prevent military aggression and to attain permanent peace with organized justice in a free world.

Such organization should develop effective cooperative means to direct peace forces to prevent or repel military aggression. Pending this, we pledge continuing collaboration with the United Nations to assure these ultimate objectives.

We believe, however, that peace and security do not depend upon the sanction of force alone, but should prevail by virtue of reciprocal interests and spiritual values recognized in these security agreements. The treaties of peace should be just; the nations which are the victims of aggression should be restored to sovereignty and self-government; and the organized cooperation of the nations should concern itself with basic causes of world disorder. It should promote a world opinion to influence the nations to right conduct, develop international law and maintain an international tribunal to deal with justiciable disputes.

We shall seek, in our relations with other nations, conditions calculated to promote world-wide economic stability, not only for the sake of the world, but also to the end that our own people may enjoy a high level of employment in an increasingly prosperous world.

We shall keep the American people informed concerning all agreements with foreign nations. In all of these undertakings we favor the widest consultation of the gallant men and women in our armed forces, who have a special right to speak with authority in behalf of the security and liberty for which they fight. We shall sustain the Constitution of the United States in the attainment of our international aims; and pursuant to the Constitution of the United States any treaty or agreement to attain such aims made on behalf of the United States with any other nation or any association of nations shall be made only by and with the advice and consent of the Senate of the United States, provided two-thirds of the Senators present concur.

We shall at all times protect the essential interests and resources of the United States.

Western Hemisphere Relations

We shall develop Pan-American solidarity. The citizens of our neighboring nations in the Western Hemisphere are, like ourselves, Americans. Cooperation with them shall be achieved through mutual agreement and without interference in the internal affairs of any nation. Our policy should be a genuine good neighbor policy commanding their respect, and not one based on the reckless squandering of American funds by overlapping agencies.

Post-War Preparedness

We favor the maintenance of post-war military forces and establishments of ample strength for the successful defense and the safety of the United States, its possessions and outposts, for the maintenance of the Monroe Doctrine, and for meeting any military commitments determined by Congress.

We favor the peacetime maintenance and strengthening of the National Guards under State control with Federal training and equipment as now provided in the National Defense Act.

Domestic Policy

We shall devote ourselves to re-establishing liberty at home.

We shall adopt a program to put men to work in peace industry as promptly as possible and with special attention to those who have made sacrifice by serving in the armed forces. We shall take Government out of competition with private industry and terminate rationing, price fixing and all other emergency powers. We shall promote the fullest stable employment through private enterprise.

The measures we propose shall avoid federalization of Government activities, to the end that our States, schools and cities shall be free, shall avoid delegation of legislative and judicial power of administrative agencies, to the end that the people's representatives in Congress shall be independent and in full control of legislative policy; and shall avoid, subject to war necessities, detailed regulation of farmers, workers, business men and consumers, to the end that the individual shall be free. The remedies we propose shall be based on intelligent cooperation between the Federal Government, the States and local government and the initiative of civic groups, not on the panacea of Federal cash.

Four years more of New Deal policy would centralize all power in the President, and would daily subject every act of every citizen to regulation by his henchmen; and this country could remain a republic only in name. No problem exists which cannot be solved by American methods. We have no need of either the communistic or the fascist technique.

Security

Our goal is to prevent hardship and poverty in America. That goal is attainable by reason of the productive ability of free American labor, industry and agriculture, if supplemented by a system of social security on sound principles.

We pledge our support of the following:

1. Extension of the existing old-age insurance and unemployment insurance systems to all employees not already covered.

2. The return of the public employment-office system to the States at the earliest possible time, financed as before Pearl Harbor.

3. A careful study of Federal-State programs for maternal and child health, dependent children, and assistance to the blind, with a view to strengthening these programs.

4. The continuation of these and other programs relating to health, and the stimulation by Federal aid of State plans to make medical and hospital service available to those in need without disturbing doctor-patient relationship or socializing medicine.

5. The stimulation of State and local plans to provide decent low-cost housing properly financed by the Federal Housing Administration, or otherwise, when such housing cannot be supplied or financed by private sources.

Labor

The Republican party is the historical champion of free labor. Under Republican Administrations American manufacturing developed, and American workers attained the most progressive standards of living of any workers in the world. Now the nation owes those workers a debt of gratitude for their magnificent productive effort in support of the war.

Regardless of the professed friendship of the New Deal for the workingman, the fact remains that under the New Deal American economic life is being destroyed.

The New Deal has usurped selfish and partisan control over the functions of Government agencies where labor relationships are concerned. The continued perversion of the Wagner Act by the New Deal menaces the purposes of the law and threatens to destroy collective bargaining completely and permanently.

The long series of Executive Orders and bureaucratic decrees reveal a deliberate purpose to substitute for contractual agreements of employers and employees the political edicts of a New Deal bureaucracy. Labor would thus remain organized only for the convenience of the New Deal in enforcing its orders and inflicting its whims upon labor and industry.

We condemn the conversion of administrative boards, ostensibly set up to settle industrial disputes, into instruments for putting into effect the financial and economic theories of the New Deal.

We condemn the freezing of wage rates at arbitrary levels and the binding of men to their jobs as destructive to the advancement of a free people. We condemn the repeal by Executive Order of the laws secured by the Republican party to abolish "contract labor" and peonage. We condemn the gradual but effective creation of a labor front as but one of the New Deal's steps toward a totalitarian state.

We pledge an end to political trickery in the administration of labor laws and the handling of labor disputes; and equal benefits on the basis of equality to all labor in the administration of labor controls and laws, regardless of political affiliation.

The Department of Labor has been emasculated by the New Deal. Labor bureaus, agencies and committees are scattered far and wide, in Washington and throughout the country, and have no semblance of systematic or responsible organization. All Governmental labor activities must be placed under the direct authority and responsibility of the Secretary of Labor. Such labor bureaus as are not performing a substantial and definite service in the interest of labor must be abolished.

The Secretary of Labor should be a representative of labor. The office of the Secretary of Labor was created under a Republican President, William Howard Taft. It was intended that a representative of labor should occupy this Cabinet office. The present Administration is the first to disregard this intention.

The Republican party accepts the purposes of the National Labor Relations Act, the Wage and Hour Act, the Social Security Act and all other Federal statutes designed to promote and protect the welfare of American working men and women, and we promise a fair and just administration of these laws.

American well-being is indivisible. Any national program which injures the national economy inevitably injures the wage earner. The American labor movement and the Republican party, while continuously striving for the betterment of labor's status, reject the communistic and New Deal concept that a single group can benefit while the general economy suffers.

Agriculture

We salute the American farmers, their wives and families for their magnificent job of wartime production and their contribution to the war effort, without which victory could not be assured. They have accomplished this in spite of labor shortages, a bungled and inexcusable machinery program and confused, unreliable, impractical price and production administration.

Abundant production is the best security against inflation. Governmental policies in war and in peace must be practical and efficient, with freedom from regimentation by an impractical Washington bureaucracy in order to assure independence of operation and bountiful production, fair and equitable market prices for farm products, and a sound program for conservation and use of our soil and natural resources. Educational progress and the social and economic stability and well-being of the farm family must be a prime national purpose.

For the establishment of such a program we propose the following:

1. A Department of Agriculture under practical and experienced administration free from regimentation and confusing Government manipulation and control of farm programs.

2. An American market price to the American farmer and the protection of such price by means of support prices, commodity loans, or a combination thereof, together with such other economic means as will assure an income to agriculture that is fair and equitable in comparison with labor, business and industry. We oppose subsidies as a substitute for fair markets.

3. Disposition of surplus war commodities in an orderly manner without destroying markets or continued production and without benefit to speculative profiteers.

4. The control and disposition of future surpluses by means of (a) new uses developed through constant research, (b) vigorous development of foreign markets, (c) efficient domestic distribution to meet all domestic requirements, and (d) arrangements which will enable farmers to make necessary adjustments in production of any given basic crop only if domestic surpluses should become abnormal and exceed manageable proportions.

5. Intensified research to discover new crops, and new and profitable uses for existing crops.

6. Support of the principle of bona fide farmer-owned and farmer-operated cooperatives.

7. Consolidation of all Government farm credit under a non-partisan board.

8. To make life more attractive on the family-type farm through development of rural roads, sound extension of rural electrification service to the farm and elimination of basic evils of tenancy wherever they exist.

9. Serious study of and search for a sound program of crop insurance with emphasis upon establishing a self-supporting program.

10. A comprehensive program of soil, forest, water and wild-life conservation and development, and sound irrigation projects, administered as far as possible at State and regional levels.

Business and Industry

We give assurance now to restore peacetime industry at the earliest possible time, using every care to avoid discrimination between different sections of the country, (a) by prompt settlement of war contracts with early payment of Government obligations and disposal of surplus inventories, and (b) by disposal of surplus Government plants, equipment and supplies, with due consideration to small buyers and with care to prevent monopoly and injury to existing agriculture and industry.

Small business is the basis of American enterprise. It must be preserved. If protected against discrimination and afforded equality of opportunity throughout the nation, it will become the most potent factor in providing employment. It must also be aided by changes in taxation, by eliminating excessive and repressive regulation and Government competition, by the enforcement of laws against monopoly and unfair competition, and by providing simpler and cheaper methods for obtaining venture capital necessary for growth and expansion.

For the protection of the public, and for the security of millions of holders of policies of insurance in mutual and private companies, we insist upon strict and exclusive regulation and supervision of the business of insurance by the several States where local conditions are best known and where local needs can best be met.

We favor the re-establishment and maintenance, as early as military considerations will permit, of a sound and adequate American merchant marine under private ownership and management.

The Republican party pledges itself to foster the development of such strong privately owned air transportation systems and communications systems as will best serve the interests of the American people.

The Federal Government should plan a program for flood control, inland waterways and other economically justifiable public works, and prepare the necessary plans in advance so that construction may proceed rapidly in emergency and in times of reduced employment. We urge that States and local governments pursue the same policy with reference to highways and other public works within their jurisdiction.

Taxation and Finance

As soon as the war ends the present rates of taxation on individual incomes, on corporations and on consumption should be reduced as far as is consistent with the payment of the normal expenditures of Government in the post-war period. We reject the theory of restoring prosperity through Government spending and deficit financing.

We shall eliminate from the budget all wasteful and unnecessary expenditures and exercise the most rigid economy.

It is essential that Federal and State tax structures be more effectively coordinated to the end that State tax sources be not unduly impaired.

We shall maintain the value of the American dollar and regard the payment of Government debt as an obligation of honor which prohibits any policy leading to the depreciation of the currency. We shall reduce that debt as soon as economic conditions make such reduction possible.

Control of the currency must be restored to Congress by repeal of existing legislation which gives the President unnecessary and dangerous powers over our currency.

Foreign Trade

We assure American farmers, livestock producers, workers and industry that we will establish and maintain a fair protective tariff on competitive products so that the standards of living of our people shall not be impaired through the importation of commodities produced abroad by labor or producers functioning upon lower standards than our own.

If the post-war world is to be properly organized, a great extension of world trade will be necessary to repair the wastes of war and build an enduring peace. The Republican party, always remembering that its primary obligation, which must be fulfilled, is to our own workers, our own farmers and our own industry, pledges that it will join with others in leadership in every co-operative effort to remove unnecessary and destructive barriers to international trade. We will always bear in mind that the domestic market is America's greatest market and that tariffs which protect it against foreign competition should be modified only by reciprocal bilateral trade agreements approved by Congress.

Relief and Rehabilitation

We favor the prompt extension of relief and emergency assistance to the peoples of the liberated countries without duplication and conflict between Government agencies.

We favor immediate feeding of the starving children of our Allies and friends in the Nazi-dominated countries and we comdemn the New Deal Administration for its failure, in the face of humanitarian demands, to make any effort to do this.

We favor assistance by direct credits in reasonable amounts to liberated countries to enable them to buy from this country the goods necessary to revive their economic systems.

Bureaucracy

The National Administration has become a sprawling, overlapping bureaucracy. It is undermined by executive abuse of power, confused lines of authority, duplication of effort, inadequate fiscal controls, loose personnel practices and an attitude of arrogance previously unknown in our history.

The times cry out for the restoration of harmony in Government, for a balance of legislative and executive responsibility, for efficiency and economy, for pruning and abolishing unnecessary agencies and personnel, for effective fiscal and personnel controls and for an entirely new spirit in our Federal Government.

We pledge an Administration wherein the President, acting in harmony with Congress, will effect these necessary reforms and raise the Federal service to a high level of efficiency and competence.

We insist that limitations must be placed upon spending by Government corporations of vast sums never appropriated by Congress, but made available by directives, and that their accounts should be subject to audit by the General Accounting Office.

Two-Term Limit for President

We favor an amendment to the Constitution providing that no person shall be President of the United States for more than two terms of four years each.

Equal Rights

We favor submission by Congress to the States of an amendment to the Constitution providing for equal rights for men and women. We favor job opportunities in the post-war world open to men and women alike without discrimination in rate of pay because of sex.

Veterans

The Republican party has always supported suitable measures to reflect the nation's gratitude and to discharge its duty toward the veterans of all wars.

We approve, have supported and have aided in the enactment of laws which provide for re-employment of veterans of this war in their old positions, for mustering-out-pay, for pensions for widows and orphans of such veterans killed or disabled, for rehabilitation of disabled veterans, for temporary unemployment benefits, for education and vocational training, and for assisting veterans in acquiring homes and farms and in establishing themselves in business.

We shall be diligent in remedying defects in veteran's legislation and shall insist upon efficient administration of all measures for the veteran's benefit.

Racial and Religious Intolerance

We unreservedly condemn the injection into American life of appeals to racial or religious prejudice.

We pledge an immediate Congressional inquiry to ascertain the extent to which mistreatment, segregation and discrimination against Negroes who are in our armed forces are impairing morale and efficiency and the adoption of corrective legislation.

We pledge the establishment by Federal legislation of a permanent Fair Employment Practice Commission.

Anti-Poll Tax

The payment of any poll tax should not be a condition of voting in Federal elections, and we favor immediate submission of a Constitutional amendment for its abolition.

Anti-Lynching

We favor legislation against lynching and pledge our sincere efforts in behalf of its early enactment.

Indians

We pledge an immediate, just and final settlement of all Indian claims between the Government and the Indian citizenship of the nation. We will take politics out of the administration of Indian affairs.

Problems of the West

We favor a comprehensive program of reclamation projects for our arid and semi-arid States, with recognition and full protection of the rights and interests of those States in the use and control of water for present and future irrigation and other beneficial consumptive uses.

We favor (a) exclusion from this country of livestock and fresh and chilled meat from countries harboring foot and mouth disease or rinderpest; (b) full protection of our fisheries whether by domestic regulation or treaties; (c) consistent with military needs, the prompt return to private ownership of lands acquired for war purposes; (d) withdrawal or acquisition of lands for establishment of national parks, monuments and wild life refuges, only after due regard to local problems and under closer controls to be established by the Congress; (e) restoration of the long established public land policy which provides opportunity of ownership by citizens to promote the highest land use; (f) full development of our forests on the basis of cropping and sustained yield; cooperation with private owners for conservation and fire protection; (g) the prompt reopening of mines which can be operated by miners and workers not subject to military service and which have been closed by bureaucratic denial of labor or material; (h) adequate stock-piling of war minerals and metals for possible future emergencies; (i) continuance, for tax purposes, of adequate depletion allowances on oil, gas and minerals; (j) administration of laws relating to oil and gas on the public domain to encourage exploratory operations to meet the public need; (k) continuance of present Federal laws on mining claims on the public domain, good faith administration thereof, and we state our opposition to the plans of the Secretary of the Interior to substitute a leasing system; and (l) larger representation in the Federal Government of men and women especially familiar with western problems.

Hawaii

Hawaii, which shares the nation's obligations equally with the several States, is entitled to the fullest measure of home rule looking toward Statehood; and to equality with the several States in the rights of their citizens and in the application of all our national laws.

Alaska

Alaska is entitled to the fullest measure of home rule looking toward Statehood.

Puerto Rico

Statehood is a logical aspiration of the people of Puerto Rico who were made citizens of the United States by Congress in 1917; legislation affecting Puerto Rico, in so far as feasible, should be in harmony with the realization of that aspiration.

Palestine

In order to give refuge to millions of distressed Jewish men, women and children driven from their homes by tyranny, we call for the opening of Palestine to their unrestricted immigration and land ownership, so that in accordance with the full intent and purpose of the Balfour Declaration of 1917 and the resolution of a Republican Congres in 1922, Palestine may be constitued as a free and democratic commonwealth. We condemn the failure of the President to insist that the mandatory of Palestine carry out the provision of the Balfour Declaration and of the mandate while he pretends to support them.

Free Press and Radio

In times like these, when whole peoples have found themselves shackled by Governments which denied the truth, or, worse, dealt in half-truths or withheld the facts from the pupblic, it is imperative to the maintenance of a free America that the press and radio be free and that full and complete information be available to Americans. There must be no censorship except to the extent required by war necessity.

We insistently condemn any tendency to regard the press or the radio as instruments of the Administration and the use of Government publicity agencies for partisan ends. We need a new radio law which will define, in clear and unmistakable language, the role of the Federal Communications Commission.

All channels of news must be kept open with equality of access to information at the source. If agreement can be achieved with foreign nations to establish the same principles, it will be a valuable contribution to future peace.

Vital facts must not be withheld.

We want no more Pearl Harbor reports.

Good Faith

The acceptance of the nominations made by this convention carries with it, as a matter of private honor and public faith, an undertaking by each candidate to be true to the principles and program herein set forth.

Conclusion

The essential question at trial in this nation is whether men can organize together in a highly industrialized society, succeed, and still be free. That is the essential question at trial throughout the world today.

In this time of confusion and strife, when moral values are being crushed on every side, we pledge ourselves to uphold with all our strength, the Bill of Rights, the Constitution and the law of the land. We so pledge ourselves that the American tradition may stand forever as the beacon light of civilization.

Illinois Bankers Fix Convention Dates

Secretary Harry C. Hausman of the Illinois Bankers Association announced on June 28, that the Council of Administration of the Association has fixed the time and place of its 55th annual convention at the Jefferson Hotel, St. Louis, May 2, 3-4, 1945, and that the annual meetings of groups of the Northern half of the state will be held during the week of Oct. 9 and those in the Southern half during Oct. 23, 1944.

Dewey Says GOP Victory Will End One-Man Government In America

(Continued from first page)

dential nomination, and in his speech indicating his withdrawal from the Presidential contest, he asked those who had supported him not to present his name, but to cast their votes for Gov. Dewey.

From the Associated Press accounts (June 28) from the Chicago Stadium, where the convention was held, we take the following:

Selected today with Gov. John W. Bricker of Ohio, to try to lead the Republican party on a triumphal march back to the White House, Gov. Dewey departed from his prepared speech to say:

"I am happy and proud to be associated with my good friend from the State of Ohio, John W. Bricker.

"For many months John Bricker has gone from State to State telling the people of the issues, of the great need for a better government, for the sound principles of government, and the leadership which will come to it with a Republican victory this year.

"Never before have I seen such good statesmanship and good sportsmanship as that displayed by John Bricker here this morning and I am proud to be associated with him."

When Dewey completed his address and the applause had quieted, Gov. Bricker came forward and clasped his hand.

In his speech of acceptance Gov. Dewey declared that he had come to this great task as a free man—that he had "made no pledges, promises or commitments, expressed or implied, to any man or woman." Said the Associated Press:

The 42-year-old former racket buster, who would be the youngest President in American history—if he wins in November—injected into his acceptance speech an accent on youth. He laid special emphasis, too, on the assertion that "this election will bring an end to one-man government in America."

Gov. Dewey referred to the Americans "on battle grounds around the world, . . . pressing on for total victory" and declared that "everything we say or do today and in the future must be devoted to the single purpose of that victory." "Then, when victory is won, we must devote ourselves with equal unity of purpose to rewinning at home the freedom they have won at such desperate cost abroad."

"When we have won the war." Gov. Dewey pointed out, "we shall still have to win the peace. We are agreed, all of us, that America will participate with other sovereign nations in a cooperative effort to prevent future wars."

"The building of the peace," Gov. Dewey observed, "is more than a matter of international cooperation. God has endowed America with such blessings as to fit her for a great role in the world. We can only play that role if we are strong and healthy and vigorous as nature has equipped us to be."

"It would be a tragedy after this war," he said, "if Americans returned from our armed forces and failed to find the freedom and opportunity for which they fought. . . . We Republicans are agreed that full employment shall be a first objective of national policy. And by full employment I mean a real chance for every man and woman to earn a decent living." In part Gov. Dewey also said:

"It is the New Deal that tells us that America has lost its capacity to grow. We shall never build a better world by listening to those counsels of defeat. Is America old and worn out, as the New Dealers tell us? Look to the beaches of Normandy for the answer. Look to the reaches of the wide Pacific—to the corners of the world where American men are fighting. Look to the marvels of production in the war plants in your own cities and towns. I say to you: Our country is just fighting its way through to new horizons. The future of America has no limit."

In reporting the proceedings incident to Gov. Dewey's nomination, the Associated Press said:

Gov. Dwight Griswold of Nebraska nominated Dewey:

"The past will have its spokesman in this campaign. I give to you, as the nominee of the Republican party, the spokesman of the future, Thomas E. Dewey."

* * *

Senator Joseph H. Ball of Minnesota took the podium, his face serious and tired. For days he had been leading a battle for Lt. Commander Harold E. Stassen of Minesota.

"As long as there was the slightest chance of Stassen's nomination," he said, "we were determined to present his name to this convention. Governor Bricker's eloquent statement has eliminated any chance that existed. Minnesota's delegation has therefor decided not to present Stassen's name to this convention."

It was all over then but the balloting. But there had to be a few more speeches first.

Representative Everett M. Dirksen of Illinois, the only avowed candidate for the Presidential nomination other than Gov. Bricker, pledged his support to Dewey.

Seconding speeches were made by Gov. Leverett Saltonstall of Maassachusetts and Representative Leonard W. Hall of New York.

To Gov. Edward Martin of Pennsylvania was given the privilege of nominating Bricker for Vice President.

"We named a young and vigorous and courageous man to lead us in the battle this fall," Martin declared. "He needs a man with similar qualifications to assist him.

"I want to place in nomination a man of real courage, starting back in that little log house where he was born, and carried out as Governor of the great State of Ohio."

A seconding speech came from Mayor James Garfield Stewart of Cincinnati, who had to make major repairs on an address in which he had planned originally to nominate Bricker for the presidency.

Seconds came, too, from Governors Harry F. Kelly of Michigan and Simeon S. Willis of Kentucky, and from Senator John Danaher of Connecticut.

The roll was called again, and this time there wasn't even one dissenting vote.

And, except for Dewey's acceptance address, the convention was all over—a day ahead of time.

Gov. Dewey's Speech of Acceptance Follows

I am profoundly moved by the trust you have placed in me. I deeply feel the responsibility which goes with your nomination for President of the United States at this grave hour of our nation's history.

That I have not sought this responsibility, all of you know. I told the people of my state, two years ago, that it was my intention to devote my full term as Governor exclusively to their service. You have decided otherwise. In accordance with the principles of our republican form of government you have laid upon me the highest duty to which an American can be called. No one has a right to refuse that call. With the help of God, I shall try to be worthy of the trust. I accept the nomination.

I come to this great task a free man. I have made no pledges, promises or commitments, expressed or implied, to any man or woman. I shall make none, except to the American people.

These pledges I do make:

To men and women of the Republican party everywhere I pledge my utmost effort in the months ahead. In return I ask for your support. Without it I cannot discharge the heavy obligation you lay upon me.

To Americans of every party I pledge that on Jan. 20 next year our Government will again have a Cabinet of the ablest men and women to be found in America. Its members will expect and will receive full delegation of the powers of their office. They will be capable of administering those powers. They will each be experienced in the task to be done, and young enough to do it. This election will bring an end to one-man Government in America.

To Americans of every party I pledge a campaign dedicated to one end above all other — that this nation under God may continue in the years ahead a free nation of free men.

At this moment on battlegrounds around the world Americans are dying for the freedom of our country. Their comrades are pressing on in the face of hardship and suffering. They are pressing on for total victory and for the liberties of all of us.

Everything we say or do today and in the future must be devoted to the single purpose of that victory. Then, when victory is won, we must devote ourselves with equal unity of purpose to re-winning at home the freedom they have won at such desperate cost abroad.

To our Allies let us send from this convention one message from our hearts: The American people are united with you to the limit of our resources and our man power, devoted to the single task of victory and the establishment of a firm and lasting peace.

To every member of the Axis powers let us send this message: By this political campaign, which you are unable to understand, our will to victory will be strengthened, and with every day you further delay surrender the consequences to you will be more severe.

That we shall win this war none of us and few of our enemies can now have any doubt. But how we win this war is of major importance for the years ahead. We won the last war but it did not stay won. This time we must also win the purposes for which we are fighting. Germany must never again nourish the delusion that she could have won.

We must carry to Japan a defeat so crushing and complete that every last man among them knows that he has been beaten. We must not merely defeat the armies and navies of our enemies. We must defeat, once and for all, their will to make war. In their hearts as well as with their lips let them be taught to say: "Never again."

The military conduct of the war is outside this campaign. It is and must remain completely out of politics. General Marshall and Admiral King are doing a superb job. Thank God for both of them. Let me make it crystal clear that a change of administration next January cannot and will not involve any change in the military conduct of the war. If there is not now any civilian interference with the military and naval commands, a change in administration will not alter that status. If there is civilian interference, the new administration will put a stop to it forthwith.

But the war is being fought on the home front as well as abroad. While all of us are deeply proud of the military conduct of the war, can we honestly say that the home front could not bear improvement? The present Administration in Washington has been in office for more than 11 years. Today it is at war with Congress, and at war with itself. Squabbles between Cabinet members, feuds between rival bureaucrats and bitterness between the President and his own party members, in and out of Congress, have become the order of the day. In the vital matters of taxation, price control, rationing, labor relations, man power, we have become familiar with the spectacle of wrangling, bungling and confusion.

Does any one suggest that the present national Administration is giving either efficient or competent government? We have not heard that claim made, even by its most fanatical supporters. No, all they tell us is that in its young days it did some good things.

That we freely grant. But now it has grown old in office. It has become tired and quarrelsome. It seems that the great men who founded this nation really knew what they were talking about when they said that three terms were too many.

When we have won the war, we shall still have to win the peace. We are agreed, all of us, that America will participate with other sovereign nations in a cooperative effort to prevent future wars. Let us face up boldly to the magnitude of that task. We shall not make secure the peace of the world by mere words.

We cannot do it simply by drawing up a fine-sounding treaty. It cannot be the work of one man or of a little group of rulers who meet together in private conferences. The structure of peace must be built. It must be the work of many men. We must have as our representatives in this task the ablest men and women America can produce, and the structure they join in building must rest upon the solid rock of a united American opinion.

I am not one of those who despair of achieving that end. I am utterly confident we can do it. For years, we have had men in Washington who were notoriously weak in certain branches of arithmetic but who specialized in division. They have played up minor differences of opinion among our people until the people of other countries might have thought that America was cleft in two.

But all the while there was a large, growing area of agreement. Recently the overwhelming majesty of that broad area of agreement has become obvious. The Republican party can take pride in helping to define it and broaden it. There are only a few, a very few, who really believe that America should try to remain aloof from the world.

There are only a relatively few who believe it would be practical for America or her allies to renounce all sovereignty and join a super-state. I certainly would not deny those two extremes the right to their opinions; but I stand firmly with the overwhelming majority of my fellow citizens in that great wide area of agreement. That agreement was clearly expressed by the Republican Mackinac declaration and was adopted in the foreign policy plank of this convention.

No organization for peace will last if it is slipped through by stealth or trickery or the momentary hypnotism of highsounding phrases. We shall have to work and pray and be patient and make sacrifices to achieve a really lasting peace.

That is not too much to ask in the name of those who have died for the future of our country. This is no task to be entrusted to stubborn men, grown old and tired and quarrelsome in office. We learned that in 1919.

The building of the peace is more than a matter of international co-operation. God has endowed America with such blessings as to fit her for a great role in the world. We can only play that role if we are strong and healthy and vigorous as nature has equipped us to be. It would be a tragedy after this war if Americans returned from our armed forces and failed to find the freedom and opportunity for which they fought.

This must be a land where every man and woman has a fair chance to work and get ahead. Never again must free Americans face the specter of long-continued mass unemployment. We Republicans are agreed that full employment shall be a first objective of national policy. By full employment I mean a real chance for every man and woman to earn a decent living at a decent wage.

What hope does the present administration offer here? In 1940 the year before this country entered the war, there were still ten million unemployed. After seven years of unequaled power and unparalleled spending, the New Deal had failed utterly to solve that problem. It never solved that problem. It was left to be solved by war. Do we have to have a war in order to get jobs?

What are we now offered? Only the dreary prospect of a continued war economy after the war, with interference piled on interference and petty tyrannies rivaling the very regimentation against which we are now at war.

The present administration has never solved this fundamental problem of jobs and opportunity. It never can solve this problem. It has never even understood what makes a job. It has never been for full production. It has lived in chattering fear of abundance. It has specialized in curtailment and restriction. It has been consistently hostile to and abusive of American business and American industry, although it is in business and industry that most of us make our living.

In all the record of the last 11 years is there anything that suggests the present administration can bring about high-level employment after this war? Is there any reason to believe that those who have so signally failed in the past can succeed in the future? The problem of jobs will not be easily solved, but it will never be solved at all unless we get a new, progressive administration in Washington — and that means a Republican administration.

For 150 years America was the hope of the world. Here on this great broad continent we had brought into being something for which men had longed throughout all history. Here, all men were held to be free and equal. Here, government derived its just powers from the consent of the governed. Here men believed passionately in freedom, independence—the God-given right of the individual to be his own master.

Yet, with all of this freedom—I insist—because of this freedom—ours was a land of plenty. In a fashion unequaled anywhere else in the world, America grew and strengthened; our standard of living became the envy of the world. In all lands, men and women looked toward America as the pattern of what they, themselves, desired. And because we were what we were, good will flowed toward us from all corners of the earth. An American was welcomed everywhere and looked upon with admiration and regard.

At times, we had our troubles; made our share of mistakes; but we faltered only to go forward with renewed vigor. It remained for this past 11 years, under the present national administration, for continuing unemployment to be accepted with resignation as the inevitable condition of a nation past its prime.

It is the New Deal which tells us that America has lost its capacity to grow. We shall never build a better world by listening to those counsels of defeat. Is America old and worn out? Look

Roosevelt Signs Bill Extending Price Control Act For One Year—Sees Enforcement Impaired

(Continued from page 99)

retail prices of necessary food items. Meantime rents have been firmly held.

"The Stabilization Extension Act represents the considered judgment of the Congress that the policies and the programs which have resulted in this achievement are sound policies and sound programs and should be continued for another year.

"In particular it should be noted that the Congress rejected all pleas which would require any general change in the wage, price and subsidy policies now in effect.

"During the past three months, while the Extension Act was under consideration and debate in the Congress, the clamor of pressure groups was loud in the land. I think it is a source of gratification that in spite of this clamor the Congress has stood firm against any departure from the basic principles which have made it possible for us to hold the line.

"Some of the amendments introduced in the Stabilization Extension Act may make it somewhat harder to hold the line. But I am advised by the enforcing agencies that in their opinion the line can be held against inflationary price increases if they were supported in a firm administration of the law in accordance with its basic objectives.

"The provisions of the Extension Act which give me the most concern are those relating to enforcement. No act is any better than its enforcement. No act, least of all a price control act, can be effectively enforced without the support of the people affected by it. But people tend to become careless in the observance of even a good law if it is not enforced against the fringe of chiselers who will violate a law whenever they think they can get away with it.

"I know that the Congress in relaxing the penalties against non-willful violations was anxious to protect only those acting in good faith and not those who do not wish to know what the law requires of them. But I fear that the changes made will weaken and obstruct the effective enforcement of the law. I hope that experience may not justify my fear. But if it should turn out that the enforcing officers encounter serious difficulties in bringing chiselers and black market operators to book, I shall ask the Congress to remove the difficulties.

"In enacting the Stabilization Extension Act the Congress has performed a signal service. It has heard and considered all the complaints against the Stabilization Act. It has tried to deal with those complaints fairly. It has shown statesmanship and courage in resisting group pressure and in protecting the public interest. By its action, it has made clear that it is the wish, not of a few Government officials, but of all our people that the line against inflation should be held.

"I think the occasion is appropriate to express deep appreciation of the splendid work done by the officials charged with enforcing the stabilization program, and particularly the workers in the field offices, and in all the county war boards and the local price and rationing boards. Without them we could not have held the line. They have served their country well."

Noting that the legislation is designed to prolong wartime price, wage and rent controls, the Associated Press from Washington June 21 (when Congress accepted the compromise bill) reported:

"A compromise, the price legislation extends wartime economic controls for one year, to June 30, 1945, but changes the present law in several particulars.

"Final legislative action on the price-rent-wage bill came as the Senate and House speedily approved and arbitrated a version of divergent measures worked out by a committee of the two bodies.

"James F. Byrnes, War Mobilization Director, took a personal hand in arbitrating the chief issue, an amendment by Senator Bankhead (D., Ala.), which the House had refused to take.

"As finally modified and approved, the amendment provides that OPA adjust ceilings on 'major' textile items to reflect parity prices for raw cotton. Guarantees of profits to textile millers, as provided in the original Bankhead proposal, were eliminated.

"Raw cotton now is selling about one cent below the 21.08 cents a pound parity figure.

"The bill calls upon the President to take 'all lawful action' to assure producers of cotton, corn, wheat, rice, tobacco and peanuts not less than parity or the highest price which prevailed for the crop in the first nine months of 1942, whichever is higher.

"It bans food subsidies after June 30, 1945, unless Congress specifically appropriates funds for them. It also relaxes rent controls in individual 'hardship' cases, and reduces penalties for price ceiling violators who can prove in court that their violations were not willful or the result of negligence.

"OPA is armed with authority to initiate treble damage suits against price violators if consumers fail to act, and members of the House-Senate conference committee said that, taken as a whole, the measure would not weaken existing stabilization machinery.

"The bill erases OPA's 'highest price line' order, so far as it affects retailers of clothing, but permits the operation of this method of price control for clothing manufacturers and wholesalers. This OPA order forbade retailers to sell higher-priced clothes than they stocked at an earlier date.

"A House amendment, submitted by Representative Dirksen (R.,Ill.), allowing local Federal Courts to pass upon the validity of OPA regulations. was stricken from the final draft."

Regarding changes in price control under the new legislation, June 30 Associated Press accounts said:

"It directs the OPA to adjust rent ceilings in individual cases where they are shown to be out of line with prevailling rent levels and to abolish controls in communities where it is established that this step would not result in 'abnormal' rent increases.

"It bans the broadening of the present $1,500,000,000 a year food subsidy program and terminates subsidies after June 30, 1945, unless Congress appropriates directly for their continuance.

"It forbids the establishment of any ceiling price on fishery products at less than the average of such prices for 1942.

"It directs adjustment of fresh fruit and vegetable prices to take into account unusual crop losses.

"It sets up a board of review, to be composed of OPA personnel, to hear evidence in protests against regulations and to advise the price administrator as to action on protests. The amendment also permits protests to be filed at any time, but final authority as to their validity is left with the present emergency court of appeals.

"It allows courts to stay judgments in enforcement proceedings to permit defendants to challenge the validity of the regulations involved.

"It requires suits for damages against OPA violators to be started in the court district or county in which the defendant resides or has his place of business.

"It reduces penalties for 'non-willful' price law violations from the present standard of three times the amount of overcharge, or $50, whichever is larger, to the actual amount of the overcharge, or $25, whichever is larger. In cases in which defendants fail to prove the violations are non-willful, courts may fix damages anywhere between one and three times the amount of the overcharge, or between $25 and $50, whichever is larger.

"It increases the loan rate on cotton from 90 to 92½% of parity.

"It directs the President to take 'all lawful action,' through any Federal agency, to maintain other basic and essential non-basic agricultural products at the parity price level."

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to the beaches of Normandy for the answer.

Look to the reaches of the wide Pacific — to the corners of the world where American men are fighting. Look to the marvels of production in the war plants in your own towns. I say to you: our country is just fighting its way through to new horizons. The future of America has no limit.

True, we now pass through dark and troubled times. Scarcely a home escapes the touch of dread anxiety and grief; yet in this hour the American spirit rises, faith returns—faith in our God, faith in our fellowman, faith in the land our fathers died to win, faith in the future, limitless, and bright of this, our country.

In the name of that faith we shall carry our cause in the coming months to the American people.

Roosevelt Signs "GI Bill of Rights"—Benefits For Veterans Of This War

In affixing his signature on June 22 to the measure generally known as the "G. I. Bill of Rights," President Roosevelt issued a statement in which he said that, with the signing of the bill, "a well-rounded program of special veterans' benefits is nearly completed. It gives emphatic notice to the men and women in our armed forces that the American people do not intend to let them down." The bill was enacted under the title of "Servicemen's Readjustment Act of 1944," and the President referred to it as substantially carrying out most of the recommendations made by him in a speech on July 28, 1943, and more specifically in messages to the Congress dated Oct. 27, 1943, and Nov. 23, 1943." Two recent references to the legislation appeared in these columns—one in our issue of June 1, page 2287, and the other on page 2494 in the June 15 issue—the latter noted the completion of Congressional action on the bill.

In Associated Press accounts from Washington on June 22, it was indicated that with Congressional leaders and heads of veterans' organizations looking on, the President put his signature to the measure authorizing Federal loans, hospitalization, job insurance, schooling and other ex-service benefits estimated to cost between $3,000,000,000 and $6,500,000,000."

From the same advices we also quote:

The measure includes a provision that whatever benefits the veterans receive under the "G. I." bill be deducted from any adjusted compensation or bonus which may be voted. The principal benefits include:

(1) A flat weekly $20 unemployment payment. For each calendar month of active service the veteran will be entitled to four weeks of allowances. Payments will be limited to 52 weeks for the first two years after discharge, and will be denied veterans who refuse suitable work.

(2) A minimum of a year's education for veterans whose schooling was interrupted by the war, with the Government paying up to $500 in annual tuition and other fees in addition to $50 monthly subsistence, plus $25 for dependents. The law presumes that education was interfered with if the veterans entered the service while 25 or younger.

Those older ones will have to prove interference.

Maximum schooling, either in public or private colleges, univerisities, trade or business schools will be limited to four years.

(3) Government - guaranteed loans by private and public lending agencies at not more than 4% interest, repayable in 20 years. The government will guarantee loans for purchase and repair of homes, farms and small businesses up to 50% of the principal provided the guarantee does not exceed $2,000, and the Veterans' Administration will absorb the interest for the first year on the amount guaranteed.

In cases where an original loan has been made or financed by a Government agency, the Veterans' Administration may guarantee the entire amount of a secondary loan covering the required 20% down payment on the purchase price of a home.

(4) Creation of a job-finding agency within the United States Employment Service, with the Director of the Veterans' Administration as Chairman.

(5) Authority for the Veterans' Administration to spend $500,000,000 in construction of hospital facilities to provide for the care of returning service people.

The law gives the Veterans' Administration, which will administer all the benefits, the status of an essential war agency, entitled to priorities in personnel, equipment, supplies and materials second only to the War and Navy Departments.

The statement of the President on signing of the bill (S. 1767) follows:

"This bill, which I have signed today, substantially carried out most of the recommendations made by me in a speech on July 28, 1943, and more specifically in messages to the Congress dated Oct. 27, 1943, and Nov. 23, 1943.

"(1) It gives service men and women the opportunity of resuming their education or technical training after discharge, or of taking a refresher or retainer course, not only without tuition charge up to $500 per school year, but with the right to receive a monthly living allowance while pursuing their studies.

"(2) It makes provision for the guarantee by the Federal Government of not to exceed 50% of certain loans made to veterans for the purchase or construction of homes, farms and business properties.

"(3) It provides for reasonable unemployment allowances payable each week up to a maximum period of one year, to those veterans who are unable to find a job.

"(4) It establishes improved machinery for effective job counseling for veterans and for finding jobs for returning soldiers and sailors.

"(5) It authorizes the construction of all necessary additional hospital facilities.

"(6) It strengthens the authority of the Veterans' Administration to enable it to discharge its existing and added responsibilities with promptness and efficiency.

"With the signing of this bill a well-rounded program of special veterans' benefits is nearly completed. It gives emphatic notice to the men and women in our armed forces that the American people do not intend to let them down.

"By prior legislation the Federal Government has already provided for the armed forces of this war adequate dependency allowances; mustering-out pay; generous hospitalization, medical care, and vocational rehabilitation and training; liberal pensions in case of death or disability in military service; substantial war risk life insurance, and guaranty of premiums on commercial policies during service; protection of civil rights and suspension of enforcement of certain civil liabilities during service; emergency maternal care for wives of enlisted men, and re-employment rights for returning veterans.

"This bill, therefore, and the former legislation, provide the special benefits which are due to the members of our armed forces—for they 'have been compelled to make greater economic sacrifice and every other kind of sacrifice than the rest of us and are entitled to definite action to help take care of their special problems.' While further study and experience may suggest some changes and improvements, the Congress is to be congratulated on the prompt action it has taken.

"There still remains one recommendation which I made on Nov. 23, 1943, which I trust that the Congress will soon adopt—the extension of social security credits under the Federal Old-Age and Survivors' Insurance Law to all service men and women for the period of their service.

"I trust that the Congress will also soon provide similar opportunities for post-war education and unemployment insurance to the members of the merchant marine, who have risked their lives time and again during this war for the welfare of their country.

"But apart from these special benefits which fulfill the special needs of veterans, there is still much to be done.

"As I stated in my message to the Congress of Nov. 23, 1943, 'What our service men and women want more than anything else is the assurance of satisfactory employment upon their return to civil life. The first task after the war is to provide employment for them and for our demobilized workers. . . . The goal after the war should be the maximum utilization of our human and material resources.'

"As a related problem the Congress has had under consideration the serious problem of economic reconversion and readjustment after the war, so that private industry will be able to provide jobs for the largest possible number. This time we have wisely begun to make plans in advance of the day of peace, in full confidence that our war workers will remain at their essential war jobs as long as necessary until the fighting is over.

"The executive branch of the Government has taken, and is taking, whatever steps it can until legislation is enacted. I am glad to learn that the Congress has agreed on a bill to facilitate the prompt statement of terminated contracts. I hope that the Congress will also take prompt action when it reconvenes on necessary legislation which is now pending to facilitate the development of unified programs for the demobilization of civilian war workers, for their re-employment in peacetime pursuits, and for provision in cooperation with the States of appropriate unemployment benefits during the transition from war to peace. I hope also that the Congress upon its return will take prompt action on the pending legislation to facilitate the orderly disposition of surplus property.

"A sound post-war economy is a major present responsibility."

Conditions Announced By WMC To Govern Priority Job Referrals

On June 23, Paul V. McNutt, Chairman of the War Manpower Commission, announced conditions under which WMC will recruit workers for essential industries for migration from one section of the country to another under priority referral beginning July 1, when all hiring of male workers through the U. S. Employment Service, or its designated agencies, including employers and union hiring halls, was to become effective.

Transfer of workers from area to area or from region to region will be effected only after certain requirements affecting manpower have been complied with, Mr. McNutt said. Before inter-regional recruitment of workers for a specific employer can be undertaken, the WMC regional director originating an order for recruitment outside his own region must certify to WMC headquarters in Washington that ten conditions have been met or will be met.

The ten conditions, announced by the WMC chairman, are:

1. That the employer (for whom inter-regional recruitment is requested) is making full utilization of his present labor force.
2. That all local sources of labor supply have been exhausted.
3. That the need for workers is hindering, or in the near future will hinder, war production.
4. That the number of persons requested by the employer represents that employer's actual needs.
5. The employer's specifications represent the minimum specifications for performance of the job and the range of wage rates he will pay.
6. The employer will follow a positive recruitment itinerary arranged by USES, and the employer will subscribe to advertising at recruiting points, if necessary, sending his representative to make hiring commitments, or delegating hiring authority to USES.
7. If medical examinations are required, they will be given at the employer's expense at points of recruitment or at the location of the job, and, in case of the latter, the employer will provide return transportation in case of rejection of a worker.
8. The employer agrees to provide transportation for the workers, either through outright payment or by advance to be repaid from subsequent eannings, from the point of recruitment to the location of the job in all cases where this is considered necessary to the successful recruitment of workers.
9. In the event of non-acceptance of the worker upon arrival, without just cause for such non-acceptance on the part of the employer, the employer will provide return transportation for the worker.
10. That housing facilities will be available for the worker upon his arrival at the location of the job.

Employers' orders received in Washington, Mr. McNutt said, will be further "screened" in order to verify the fact that lack of sufficient manpower is retarding essential war production, and to determine that the production cannot be obtained from other sources where labor supply is available and adequate. Furthermore, the employer's order for recruiting outside the originating region must be assigned a manpower priority by the national manpower priority committee established by administrative order. The advices on June 23 from the WMC further said:

When an employer's request for inter-regional transfer of workers has been approved in Washington, the employer's order is transmitted to a region or regions where recruitment of workers to fill the order is likely to prove productive of results, Mr. McNutt said. The regional director supervising the recruiting notifies the employer where to send hiring representatives, he said.

Itineraries of employers' hiring representatives will be arranged by USES exclusively in order to insure an equitable distribution of manpower in each region, he added.

"Considering the national character of the labor recruitment problem, it is believed that most effective national accomplishments will result if the designation of areas for recruitment is handled by one agency on the basis of the current labor market data, current knowledge or other essential manpower requirements, and recruitment activity already in progress," said the WMC chairman.

Mr. McNutt said that employers who wish to avail themselves of the recruitment facilities of WMC should make their actual needs known to the nearest local office of USES, placing an actual order indicating job specifications and all conditions of employment.

If, after a reasonable length of time, the local USES office cannot recruit the required number of workers locally, a campaign of labor recruitment throughout the area can be undertaken. If this campaign is unsuccessful and if the employer's needs warrant recruitment outside the area, the area director may refer the order to the State WMC director, who will arrange more intensive recruitment within the State or refer the order to the regional WMC director. If the latter believes recruitment within the region would be unsuccessful and if the employer agrees to recruitment outside the region, the order is transferred to WMC headquarters in Washington.

Mr. McNutt said WMC will make every effort to so conduct the priority referral program so as to cause the least inconvenience or confusion in a local community or to workers.

Supreme Court Censured By Texas Bar

The State Bar of Texas adopted on June 30, a resolution which declared that the United States Supreme Court has "rendered it impossible for the practicing lawyer to advise his client as to what the law is today, or even to offer a guess as to what it will be tomorrow," said an Associated Press dispatch from Fort Worth, Texas, on June 30, which added:

The Court "has repeatedly overruled decisions, precedents and landmarks of the law of long standing without assigning any valid reason therefor," read the resolution, "dismissing the question with a wave of the hand, and contenting itself with the assertion that these precedents have been eroded by the processes of the years; or basing its decision on casuistry and sophistry rather than by logic."

The resolution added that "by this conduct and controversies within its own personnel, it (the Court) has subjected itself to the suspicion, widely held, that it speaks, or undertakes to speak, in the voice of the appointing power, rather than the voice of the law."

Presented by J. W. Hassell of Dallas, the resolution asserted that "the Supreme Court of the United States is losing, if it has not already lost, the high esteem in which it has been held by the people."

The Supreme Court, it stated, heretofore held public esteem because the people believed "it had always remained free of political, personal and unworthy motives and had interpreted and declared the law as it is written, according to tradition and precedent, and agreeably to the provisions of the Constitution and the Bill of Rights."

The State of Trade

(Continued from page 98)

lation blueprinting the procedure for settlement of terminated war contracts. The measure popularly known as the "War Contracts Bill," received the signature of the President on last Saturday. This action marked the initial step toward a return to a peace-time economy. The law provides among other things that agreements are subject to review by the Comptroller General to detect possible fraud. In April of this year, while the bill was under consideration, a witness of The American Institute of Accountants expressed the opinion before the House Committee on Naval Affairs that the power to review settlements for fraud inherently carried with it power to police the termination procedure as a whole, and that this was the proper and useful function of the Comptroller General. Participation in termination settlements, he pointed out, would impose on the Comptroller General a share of the responsibility for administrative decisions, and this would destroy his value as an independent auditor after the fact. The present law closely follows recommendations of Bernard M. Baruch, White House economic adviser.

Turning to the week's results in business and industry, the stock market continued its upward swing in prices in search of wider and brighter horizons, while current bank reports in response to the Comptroller of the Currency's semi-annual bank call, reflect substantial gains in deposits and total resources. Electric kilowatt output, freight car loadings, and paperboard production show increases for the week. Declines were noted in steel ingots and castings output, bituminous and anthracite coal, paper and lumber production. In New York City retail trade was active with seasonal and vacation merchandise in strong consumer demand, while for the country at large some improvement was observed in the midseasonal slump into which retail trade has fallen.

With respect to electric production, results reveal that output of electricity increased to approximately 4,325,417,000 kwh. in the week ended June 24 from 4,287,251,000 kwh. in the preceding week, as reported by the Edison Electric Institute. The latest figures represent a gain of 5.0% over one year ago, when output reached 4,120,038,000 kwh.

Consolidated Edison Company of New York reports system output of 164,400,000 kilowatt hours in the week ended June 25, 1944, and compares with 194,300,000 kilowatt hours for the corresponding week of 1943, or a decrease of 15.4%.

Local distribution of electricity amounted to 162,800,000 kilowatt hours, compared with 188,900,000 kilowatt hours for the corresponing week of last year, a decrease of 13.8%.

Steel orders the past week dropped slightly below the level of previous weeks, but this decline, according to the "Iron Age," was more than offset by the fall in the ingot rate caused by heat, manpower shortages, strikes and equipment repairs. The slightly lower trend in orders is not, however, indicative of a lessening of demand for steel at midsummer, since, according to "Steel" magazine, in its summary this week, "pressure is greater than ever and mills are falling behind schedule as directives are imposed on laden books, pushing deliveries ever further into the future." As a result of the heavy carryovers on plates and sheets at some plants, it is felt that delivery schedules on substantial tonnages of material will not be met in the next few months. The situation is complicated by a continued demand for plates from the Maritime Commission, together with a recent increase in the shell steel program, "Iron Age" reveals. These factors, the foregoing authority states, "have the effect of further tightening a steel market which is now tighter than at any time during the past few years."

Should the military news from Europe run extremely favorable for us and indicate an early German collapse, the picture would change radically. Within recent weeks outlaw strikes, which showed a decline in the early days of the invasion, have increased, making for a loss in actual steel output and cutting into production of finished items as well.

As for the rate of steel production, the American Iron and Steel Institute places scheduled output for the week beginning July 4 at 94.3% of rated capacity, equivalent to 1,689,200 net tons of steel ingots and castings, the lowest since the week of Jan. 3, 1944, when 1,667,000 tons were produced. Scheduled output for the current week compares with operations at the rate of 95.7%, and output of 1,714,300 net tons a week ago. For the week beginning July 4, last year, steel output totaled 1,563,700 net tons, and the rate was 90.3% of capacity.

Freight car loadings in the third quarter of 1944 are expected to be slightly above actual loadings in the same quarter in 1943, from estimates just compiled by the 13 Shippers' Advisory Boards and made public on Wednesday, last.

On the basis of those estimates, freight car loadings of the 28 principal commodities will be 9,948,356 cars in the third quarter of 1944, compared with 9,871,654 actual car loadings for the same commodities in the corresponding period in the preceding year, or an increase of 0.8%. Seven of the 13 Shippers' Advisory Boards estimate an increase in carloadings for the same quarter of 1944 compared with the same period in 1943, but six estimate decreases.

With respect to freight carried by the railroads, carloadings of revenue freight for the week ended June 24 totaled 881,267 cars, the Association of American Railroads announced. This was an increase of 2,106 cars, or 0.2% above the preceding week this year, and an increase of 120,377 cars, or 15.8% above the corresponding week of 1943. Compared with a similar period in 1942, an increase of 27,849 cars, or 3.3% is shown.

Loadings of bituminous coal into vessels at lower lake ports in the week ended June 26 totaled 1,733,056 net tons, contrasted with 1,805,860 net tons in the previous week and 1,218,064 net tons for the same period one year ago. Total dumpings for the season to date aggregated 19,487,911 tons against 14,385,001 tons in the same period of 1943, an increase of 5,102,910 tons.

Bituminous coal output for the week ended June 24 reflected a decrease of 280,000 net tons from the preceding week at 12,000,000 net tons, compared with 4,606,000 tons for the corresponding week last year, according to the National Coal Association. The low production last year resulted from a strike. Output to date—Jan. 1 through June 24, 1944—aggregated about 309,030,000 tons, as against 279,122,000 tons for a like period in 1943. The report of the Solid Fuels Administration placed production for the week ended June 17 at 12,300,000 net tons, against 12,530,000 tons in the preceding week.

As for production in the anthracite fields the U. S. Bureau of Mines reports estimated output of Pennsylvania anthracite at 1,239,000 tons for the week ended June 24, 1944, a decrease of 80,000 tons, from the preceding week. Output in the corresponding week of 1943 was only 286,000 tons and was occasioned by the coal strike. For the calendar year to date, however, an increase of 10.2% is shown over the similar period of 1943.

April lumber production from estimates of the WPB decreased 8.2% from the amount produced in April, 1943, and 2.4% under that of March, 1944. The total output for April was estimated at 2,681,649,000 board feet, with hardwood accounting for 591,550,000 board feet and softwoods 2,090,099,000 board feet.

Paper output for the week ended June 24 was equal to 92.4% of capacity, against 92.8% in the preceding week, and 87% for the week ended June 26, 1943, the American Paper & Pulp Association's index of mill activity disclosed. As for paperboard, production for the same period was reported at 96% of capacity, against 95% in the preceding week.

Retail trade in New York was active the past week with seasonal and vacation merchandise in strong consumer demand. Gains over last year, while not as pronounced as in the previous week are running, according to estimates, around 15% for department stores. In the wholesale trade the furniture market held the center of attention. Buyers were present in large numbers with allotments granted by manufacturers much below retailers' requirements. Completion of early purchases of fall suits and dresses were noted with cotton goods markets dormant as the trade awaited the President's signing the new price-control bill.

According to Federal Reserve Bank's index, sales in New York City for the weekly period to June 24 increased by 21% over the same period of last year. For the four weeks ending June 24 sales rose by 8%, and for the year to June 24 they improved by 7%, the same percentage of increase as in previous weeks.

Improvement in retail trade was noted the past week in all sections of the country, though some evidences of the midseasonal slump into which retail trade has fallen still remains, Dun & Bradstreet, Inc., reported in its current review. Items such as fulniture and furnishings, summer apparel and outing goods enjoyed popular appeal. Shortages of many articles continue, but notwithstanding this, the demand for novelties and decorative articles, which are on the limited supply list appears to be deminishing the above source stated. Inventories of retailers reflected some improvement over those of a year ago, with the restaurant business thriving and retail food sales running 10% above those of a similar week last year. In the wholesale line, furniture sales also showed improvement with the peak of fall ordering passed and buyers now concerned primarily with obtaining prompt deliveries.

As reported by the trade review regional increases were: New England, 12% to 15%; East, 16% to 20%; Middle West 9% to 13%; Northwest, 6% to 10%; South, 19% to 23%; Southwest, 20% to 24%; and the Pacific Coast, 18% to 22%.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, moved sharply upward from 3% in the week previous to 15% for the week ended June 24, compared with the same week a year ago, while sales for the four weeks' period ended June 24 advanced by 6% over a similar period a year ago. For the year to June 24 an increase of 7% was noted over a like period in 1943.

Steel Output And Order Volume Again Off— Largest Carryover In History By Many Mills

"A falling off in the production of steel ingots, a slight hesitancy in the volume of new steel orders, a tendency for industrialists to put more emphasis on post-war plans and no diminution in the number of outlaw strikes were among some of the more important features of the metal-working industries such as steel in the past week," the "Iron Age" states in its issue of today (July 6), further adding:

"Because of the Fourth of July, although most plants worked through in the blast furnaces and open hearths, the rate was off again this week. The manpower shortage, the hot weather, and various work stoppages in the past few months are some reasons advanced for this rate drop. WPB has warned that in recent weeks the raw steel output has declined to the point where the fulfillment of the third quarter steel requirements is endangered.

"The tendency for steel order volume to contract is being ascribed to the view on the part of some consumers that it would be unwise at this time to let inventories become unwieldy. Furthermore, many consumers of steel are reminded of the fact that a sudden end to hositilities in Europe would result in wholesale cancellations of contracts. Steel men themselves are also mindful of the fact that when and if the European war ends there will be probably more cancellations or suspensions that will be found to be warranted by later official orders. For this reason, although no industrialists share the optimism that the Government has warned against, it is said to be only natural that the war-end problems should be recognized and planned for or cushioned. Steel companies this week were noting this trend of thought among some of their consumers.

"Actual order volume this week reached a new low because of the extended holiday in some sales offices. This does not mean, however, that a flood of new orders may not be in the making for the latter part of this week. Deliveries have become so extended on some items that many consumers have shown a reluctance to place orders when promises on delivery are so far ahead. Nonetheless the fact remains that backlogs have not suffered much of a decline because concurrently for the past few weeks the raw steel output rate has dropped to such an extent that the slight decline in orders has lost its significance. There are some, however, who believe that the top-heavy volume of steel orders has about come to an end with most of the military plans interpreted into firm orders already. If these orders have not already been placed on the books, it will not be long until they are received.

"That post-war planning or post-war ideas have taken a spurt recently is evidenced by news from Detroit that speculation is rife that the new motor car may not after all be a facsimile of the 1942 model as had been assumed. Foundation for such speculation is found in the fact that automobile companies like others are allowed to build experimental models. They can also order tooling for their reconversion as long as it does not interfere with production of war items. It is felt in Detroit that the manufacture of civilian cars is indefinitely in the future, undoubtedly six months at the minimum and likely more."

The American Iron and Steel Institute on July 3 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 94.3% of capacity for the week beginning July 3 (the lowest rate of the year). This compares with 95.7% one week ago, 97.8% one month ago and 96.0% one year ago. The operating rate for the week beginning July 3 is equivalent to 1,689,200 tons of steel ingots and castings, compared to 1,714,300 tons one week ago, 1,751,900 tons one month ago and 1,672,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on July 3 stated in part as follows:

"Instead of the predicted lessening of demand for steel at midsummer, pressure is greater than ever and mills are falling behind schedule as directives are imposed on already laden books, pushing deliveries ever further into the future.

"At the end of June many mills have the largest carryover in their history, in some cases the equivalent of entire capacity for July. Following revival in the combat tank program after the invasion started, a sharp spurt has occurred in tonnage for landing mats. To provide shipments for these purposes in July directives have been heavy over the past 10 days and schedules on hot-rolled sheets in some cases have been extended 45 to 60 days further.

"Buying of plates is slower at the moment, due in large measure to inability to obtain places on mill schedules for several months. This is regarded as temporary as a large maritime tonnage is about to be placed. In the meantime there is pressure for nearby tonnage, which mills are unable to accept except under directives. Warehouses are under heavy inquiry to fill this gap and could sell much more than at present if supply were available.

"Plate production in June is expected to fall below the recent average, due to the shorter month, interruptions for repairs to equipment and hot weather, as well as short labor forces. This is in face of heavy mill overloads.

"Bar deliveries, which for some time have been extending steadily toward the position of plates and sheets, have almost reached the end of the year, though not all producers are at the same position. Some have little to offer before November, and one has nothing in rounds before January. On the other hand some can offer a range of sizes in rounds and flats for September and October. Increasing volume of shell tonnage is pushing schedules ahead rapidly."

Railroad Committee For Study of Transportation Reports On Post-War Fiscal Policy

A sub-committee on Taxation of the Railroad Committee for the Study of Transportation, of which Karl Fischer was chairman, has recently submitted a report, in which it lists and analyzes nine recommendations for national post-war fiscal policies. The committee prefaces its recommendations with a statement that "the prime requisite in any consideration of post-war policy is that the fundamentals of our free and democratic economy be preserved in order to avert the threat of government ownership of the instruments of production. It is of first importance that business be stabilized and maintained at a high level in order to furnish employment opportunities for all who are capable of gainful occupation. If this ideal cannot be attained under private ownership, the demand for government intervention will be overwhelming."

"To attain this high level of business and industrial activity," continues the report, "a favorable atmosphere for the investment of funds in new business ventures must be created. To this end, there must be a restoration of public confidence in the financial integrity and economic stability of the country, because no nation which loses the confidence of its citizens can remain a democracy. The present conflict of views regarding the national debt is the foremost economic issue of the present time. This conflict must be resolved by an unqualified affirmance that, come what may, the debt will be paid. The present practice of deficit financing must be put aside and definite plans formulated for balancing the budget and liquidating the public debt.

"The second requirement is that the tax structure be revised so as to produce maximum revenues consistent with maximum encouragement to private enterprise. Fair treatment and suitable rewards must be offered to those engaged in business and production. There is no greater vice in the present tax laws than the discouragement which they offer to investors and stockholders. If this system is permitted to continue, the sources of private capital will dry up, and the inevitable result will be that the government alone will be able to supply the funds required for capital investment and production. With this complete reliance on the government for funds required for business expansion and employment, there is grave danger that our traditional system of private enterprice will be supplanted by some form of state socialism. Thus taxation, which should be directed towards the preservation of the existing economy, may well become a most potent instrument for its destruction."

The committee concludes with the remark that "we are convinced that the major problems of our domestic post-war reconstruction lie within the fiscal and tax structure, and that these problems must be solved before any unified plans for dealing with other subjects can be formulated. Based on this conviction, we offer the following recommendations for a national post-war fiscal policy, which we believe will restore public confidence in the nation's credit and stability and will provide a tax structure capable of producing maximum revenues consistent with the continuation of our system of private enterprise."

A summary of the recommendations on fiscal policy follows:

(1) The budget must be balanced and suitable provision made for payment of the public debt.

(2) Our present Federal tax system violates every principle of sound taxation and must be basically revised.

(3) Normal tax rates on individual income should be increased and personal exemptions lowered or abolished in order to secure adequate revenues for post-war requirements.

(4) Personal surtaxes should be substantially reduced.

(5) Corporate income should be taxed but once and at the same rate as the normal tax applicable to individuals.

(6) Corporate excess-profits taxes and surtaxes as well as the capital stock tax should be abolished.

(7) Fair and consistent treatment should be accorded capital gains and losses.

(8) The tax laws must be purged of their complexity and uncertainty.

(9) Overlapping and competing taxation of the same sources of revenue by Federal and State Governments should be eliminated.

Closer Ties Between China And Siberia Are Advocated By Vice-President Wallace

Vice President Henry A. Wallace on arriving at Chungking, China, on June 20, advocated closer relations between China and Siberia, said an Associated Press account on the same day from Chungking, which went on to say:

In a statement distributed at the airport upon his arrival from Russian territory, he quoted Dr. Hu Shih, former Chinese Ambassador to the United States, as having said that the boundary between Siberia and China "should be like the frontier between the United States and Canada — not one of separation but one of joining friends together."

Mr. Wallace said that while in China he wanted to see the land, talk with farmers, visit Chinese and American soldiers and, above all, discuss with Generalissimo Chiang Kai-shek matters of mutual interest and concern.

Generalissimo Chiang welcomed Mr. Wallace at the airdrome — a high compliment not required by protocol, since the Generalissimo is the head of the State.

Mme. Chiang also was at the airdrome, but remained in a curtained motor car. Mr. Wallace, Generalissimo Chiang and United States Ambassador Clarence E. Gauss entered the car after the Vice-President had shaken hands with the assembled notables. The party drove to the presidential villa for tea. Later Mr. Wallace planned to go to the United States embassy for the night.

Mr. Wallace flew to Chungking from Tiuwa, Sinkiang. His first stopping place in China was at an intermediate landing field somewhere in Szechwan province, where he waited for several hours for visibility in the Chungking area to improve.

"I have come from Siberia, one of the newest of lands, to begin my visit in one of the oldest," Mr. Wallace's statement said. "The common boundary of these two lands sweeps along for some 5,000 miles from the Pacific to central Asia.

"Dr. Hu Shih has said that this boundary should be like the frontier between the United States and Canada—not one of separation but one of joining friends together. I believe it will be so. And I believe there are great potentialities for cultural and commercial exchanges to promote the general welfare of the peoples of Asia and the north Pacific basin.

"Entering China through Sinkiang — the 'new region' as you have named it—I have been impressed with its promise for the future. I have been similarly impressed with your northwestern provinces in which I have long been interested, and over which I flew today. In many respects this whole region is to you what our West is to us—a land of opportunity.

"It might be said by those living in the past that I have entered China through the back door; but I believe that developments in coming years will prove me right in saying that I have entered through the new front door — the door facing Central Asia where, as I have just been able to observe at first hand, great forward strides are being made socially and economically.

"I am happy to be in China and I begin my visit with the keenest interest. I have followed with sympathy and admiration your trials and accomplishments of the past seven years of war. Now I want to see your land and talk with your farmers.

"I want to visit with your soldiers and our soldiers who are co-operating to bring about the early defeat of Japan. Above all I look forward to the privilege of discussing matter of mutual interest and concern with your great President, Chiang Kai-shek."

DNB, the German official news agency, declared today:

"American Vice-President Wallace, suddenly changing his original plan to travel to Chungking, is now on his way to Moscow, it was learned from a reliable source. German political circles believe that there is a connection between his visit to Moscow and the desire of the United States to obtain from the Soviet Union certain naval bases for battle against Japan."

Congress Asks Treasury For Estimate Of Post-War Receipts And Expenditures

Senator George made known on June 18 that his Senate Finance Committee and the House Ways and Means Committee have asked the Treasury for an estimate of how much the Government will spend in the years after the war and how much the national income will be during that period, it was disclosed in an Associated Press dispatch from Washington which went on to say.

The estimates are wanted, Senator George said, so that Congress can get a foundation of reasonable accuracy upon which to erect a post-war tax structure.

The Georgian has been advocating lower corporate and individual income taxes, when the fighting ends, to stimulate investment in private enterprise, and maintain high industrial production.

The estimates probably will be ready, he said, in time to let Senators and Representatives in charge of revenue measures have a look at them late this year. But action on a post-war tax bill likely will be held over until the next Congress meets in January.

Roosevelt Has Violated Faith Of Office Former Senator Reed Declares

Conferees of the American Democratic National Committee were told in Chciago on June 20, by former Senator James A. Reed, that President Roosevelt had taken an oath to support the Constitution but that the NRA bill and the proposed measure to enlarge the United States Supreme Court were contrary to constitutional provisions, it was stated in an Associated Press dispatch from Chicago on June 20, which gave other remarks of Mr. Reed as follows:

"Lay these acts beside Mr. Roosevelt's oath that he would preserve, protect and defend the Constitution of the United States, and draw your own conclusions as to his reliability as a man or his trustworthiness as an officer," he set forth in a prepared address.

"God save America from that kind of protector and defender. The picture is one of egotism run mad and of ambition that has consumed the conscience."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
July 4	HOLIDAY								
3	120.15	112.37	118.60	117.00	112.19	102.96	106.21	113.89	117.40
1	120.15	112.37	118.60	116.80	112.19	102.96	106.04	113.89	117.40
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
29	120.18	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
28	120.25	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
27	120.26	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
26	120.26	112.37	118.40	117.00	112.00	102.80	106.04	113.89	117.40
24	120.19	112.37	118.40	117.00	112.00	102.80	106.04	113.89	117.40
23	120.13	112.19	118.40	116.80	112.00	102.63	106.04	113.89	117.20
22	120.04	112.19	118.40	116.80	112.19	102.63	106.04	113.70	117.40
21	120.04	112.19	118.40	116.80	112.19	102.63	106.04	113.70	117.40
20	120.05	112.19	118.40	116.80	112.19	102.63	106.04	113.89	117.40
19	120.10	112.19	118.60	116.80	112.00	102.63	105.86	113.89	117.40
17	120.01	112.19	118.40	116.61	112.00	102.63	105.86	113.70	117.20
16	120.01	112.19	118.40	116.61	112.00	102.63	105.86	113.70	117.20
15	119.95	112.19	118.40	116.80	112.00	102.63	106.04	113.89	117.20
14	119.87	112.19	118.60	116.80	112.00	102.63	105.86	113.89	117.20
13	119.87	112.00	118.40	116.61	111.81	102.46	105.86	113.70	117.00
12	119.88	112.00	118.40	116.61	111.81	102.46	105.86	113.70	117.20
10	119.88	112.19	118.60	116.61	111.81	102.46	105.69	113.70	117.20
9	119.88	112.19	118.60	116.61	111.81	102.46	105.69	113.89	117.20
8	119.88	112.00	118.60	116.61	111.81	102.30	105.69	113.89	117.00
7	119.90	112.19	118.40	116.80	111.81	102.46	105.86	113.89	117.20
6	119.90	112.19	118.40	116.80	111.81	102.46	105.86	113.70	117.20
5	119.92	112.19	118.40	116.80	111.81	102.63	106.04	113.70	117.00
3	120.02	112.19	118.40	116.61	111.81	102.63	105.86	113.70	117.00
2	119.99	112.19	118.60	116.80	111.81	102.46	105.86	113.89	117.00
1	119.75	112.19	118.40	116.80	111.81	102.46	105.86	113.70	117.00
May 26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
19	119.59	112.00	118.60	116.80	111.81	102.13	105.86	113.89	116.80
12	119.48	112.00	118.60	116.80	111.81	101.64	105.52	113.89	116.80
5	119.48	111.81	118.40	116.61	111.62	101.47	105.52	113.70	116.41
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
21	119.75	111.62	118.40	116.41	111.62	101.31	105.17	113.70	116.41
14	119.86	111.62	118.20	116.61	111.44	101.14	105.17	113.70	116.41
6	119.81	111.44	118.20	116.61	111.44	100.98	104.83	113.89	116.22
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
24	119.86	111.44	118.20	116.61	111.44	100.81	104.66	113.89	116.41
17	120.14	111.44	118.20	116.61	111.25	100.65	104.66	113.70	116.41
10	120.26	111.44	118.20	116.41	111.25	100.81	104.48	113.70	116.41
3	120.44	111.25	118.20	116.61	111.25	100.49	104.31	113.70	116.41
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944	120.44	112.37	118.80	117.00	112.19	102.96	106.21	113.89	117.40
Low 1944	119.34	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year Ago July 3, 1943	120.78	110.70	118.80	116.22	111.25	98.25	102.46	113.70	116.61
2 Years Ago July 3, 1942	118.09	106.56	116.22	113.12	107.89	91.34	95.77	111.25	113.89

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
July 4	HOLIDAY								
3	1.79	3.04	2.72	2.80	3.05	3.57	3.38	2.96	2.78
1	1.79	3.04	2.72	2.81	3.05	3.57	3.38	2.96	2.78
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
29	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
28	1.78	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
27	1.78	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
26	1.78	3.04	2.73	2.80	3.06	3.58	3.39	2.96	2.78
24	1.78	3.04	2.73	2.80	3.06	3.58	3.39	2.96	2.78
23	1.79	3.05	2.73	2.81	3.06	3.59	3.39	2.96	2.79
22	1.79	3.05	2.73	2.81	3.05	3.59	3.39	2.97	2.78
21	1.79	3.05	2.73	2.81	3.05	3.59	3.39	2.97	2.78
20	1.79	3.05	2.73	2.81	3.05	3.59	3.39	2.96	2.78
19	1.79	3.05	2.72	2.81	3.06	3.59	3.40	2.96	2.78
17	1.80	3.05	2.73	2.82	3.06	3.59	3.40	2.97	2.79
16	1.80	3.05	2.73	2.82	3.06	3.59	3.40	2.97	2.79
15	1.80	3.05	2.73	2.81	3.06	3.59	3.39	2.96	2.79
14	1.82	3.05	2.72	2.81	3.06	3.59	3.40	2.96	2.79
13	1.82	3.06	2.73	2.82	3.07	3.60	3.40	2.97	2.80
12	1.82	3.06	2.73	2.82	3.07	3.60	3.40	2.97	2.79
10	1.82	3.05	2.72	2.82	3.07	3.60	3.41	2.97	2.79
9	1.82	3.05	2.72	2.82	3.07	3.60	3.41	2.96	2.79
8	1.82	3.06	2.72	2.82	3.07	3.61	3.41	2.96	2.80
7	1.82	3.05	2.73	2.81	3.07	3.60	3.40	2.96	2.79
6	1.82	3.05	2.73	2.81	3.07	3.60	3.40	2.97	2.79
5	1.82	3.05	2.73	2.81	3.07	3.59	3.39	2.97	2.80
3	1.81	3.05	2.73	2.82	3.07	3.59	3.40	2.97	2.80
2	1.81	3.05	2.72	2.81	3.07	3.60	3.40	2.96	2.80
1	1.83	3.05	2.73	2.81	3.07	3.60	3.40	2.97	2.80
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
19	1.84	3.06	2.72	2.81	3.07	3.62	3.40	2.96	2.81
12	1.85	3.06	2.72	2.81	3.07	3.65	3.42	2.96	2.81
5	1.85	3.07	2.73	2.82	3.08	3.66	3.42	2.97	2.83
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
21	1.83	3.08	2.73	2.83	3.08	3.67	3.44	2.97	2.83
14	1.82	3.08	2.74	2.82	3.09	3.68	3.44	2.97	2.83
6	1.83	3.09	2.74	2.82	3.09	3.69	3.46	2.96	2.84
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
24	1.82	3.09	2.74	2.82	3.09	3.70	3.47	2.96	2.83
17	1.80	3.09	2.74	2.82	3.10	3.71	3.47	2.97	2.83
10	1.81	3.09	2.74	2.83	3.10	3.70	3.48	2.97	2.83
3	1.80	3.10	2.74	2.82	3.10	3.72	3.49	2.97	2.83
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.78	3.04	2.71	2.80	3.05	3.57	3.38	2.96	2.78
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago July 3, 1943	1.80	3.13	2.71	2.84	3.10	3.86	3.60	2.97	2.82
2 Years Ago July 3, 1942	1.98	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

May Alloy Steel Output Exceeds That Of April

Production of alloy steel during May totaled 931,381 tons, about 12% of total steel production during that month, according to the American Iron and Steel Institute. In April, 889,051 tons of alloy steel were produced. In May a year ago alloy steel production was 1,217,563 tons, or 16% of total steel output.

Open hearth furnaces produced 610,370 tons of alloy steel in May. The remaining 321,011 tons of alloy steel production came from electric furnaces.

National Fertilizer Association Commodity Price Index Advances To All-Time High

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on July 3, advanced to 137.7 in the week ending July 1, as agricultural gains brought the index to a new all-time high. In the preceding week the index registered 137.3, a month ago 137.0, and a year ago 134.8, based on the 1935-1939 average as 100. The Association's report added:

The slow but continual advance in the all-commodity price index reflects further advancement in the farm products and food groups. The farm products group has reached a new high for this year and also marks a new record high for all time except for a two-week period in October, 1943, when it also stood at 158.6. The grains group again advanced as higher quotations were given for wheat and rye. The livestock group registered a sharp advance due to rising prices for cattle, heavy hogs, live fowls and eggs. Lower prices for light hogs, lambs and ewes were not sufficient to hold this group down. The foods group, continuing its upward trend for the fifth consecutive week, advanced to the highest level since January of this year. Lower quotations on oranges and potatoes were not sufficient to offset the rising prices for corn oil, eggs and flour. Prices for raw cotton continued to rise for the seventh consecutive week, and in turn reflecting a fractional advance in the textiles group. The farm machinery index number has risen for the third consecutive month.

During the week 12 price series advanced and 5 declined; in the preceding week there 8 advances and 9 declines; and in the second preceding week there were 9 advances and 5 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week July 1, 1944	Preceding Week Jun. 24, 1944	Month Ago Jun. 3, 1944	Year Ago July 3, 1943
25.3	Foods	140.0	139.2	137.5	138.3
	Fats and Oils	145.1	145.1	143.0	145.1
	Cottonseed Oil	163.1	163.1	156.7	159.0
23.0	Farm Products	158.6	156.5	155.1	152.7
	Cotton	207.1	206.8	202.0	201.0
	Grains	162.0	159.9	164.7	148.1
	Livestock	149.3	146.7	144.0	145.3
17.3	Fuels	130.1	130.1	130.1	122.8
10.8	Miscellaneous commodities	132.2	132.2	132.2	130.1
8.2	Textiles	153.1	153.0	152.4	151.3
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	153.4	153.4	153.4	152.6
1.3	Chemicals and drugs	127.7	127.7	127.7	126.6
.3	Fertilizer materials	117.7	117.7	117.7	117.7
.3	Fertilizers	119.7	119.7	119.7	119.8
.3	Farm machinery	104.5	104.5	104.4	104.1
100.0	All groups combined	137.7	137.3	137.0	134.8

*Indexes on 1926-1928 base were: July 1, 1944, 107.3; June 24, 107.0, and July 3, 1943, 105.0.

Non-Ferrous Metals — Good Supply Of Foreign Lead Released—Quicksilver Again Weaker

"E. & M. J. Metal and Mineral Markets," in its issue of June 29, stated "Though the strike of miners in Mexico has not yet been settled, the Tin-Lead Division of WPB last week released a fairly large tonnage of foreign lead for July delivery. Until production in Mexico can be resumed by the large mining companies, allotments of common lead of foreign origin will be made with reserve. Consumers asked for a total of about 25,000 tons of foreign lead for next month. Price developments again centered in quicksilver, the market here being quotable at $98 to $103 per flask, a drop of $2. Premium prices obtaining for strategic metals in various foreign markets are gradually being eliminated." The publication further went on to say in part:

Copper

Fabricators consumed 149,182 tons of copper during May, according to figures circulated privately in the industry. This compares with 160,335 tons in April and 142,703 tons in May last year. Fabricators' stocks of refined copper at the end of May totaled 341,037 tons, against 324.500 tons a month previous and 394,762 tons in May, 1943.

Brass mills will not be required to obtain allocation certificates, beginning with August. However, the mills will have to limit their purchases of copper to not more than a single month's requirements. This modification of the WPB regulations is expected to simplify paper work.

Current production, plus imports, should provide sufficient copper to take care of the July needs, according to trade authorities. This means that the stockpile will not be called upon next month to round out the needs of domestic consumers.

The Yearbook of the American Bureau of Metal Statistics estimates that 3,070,557 short tons of copper was produced in the world during 1943. This compares with 3,052,571 tons in 1942; 2,901,925 tons in 1941; 2.678,203 tons in 1940; and 2,402,475 tons in 1939. Production of copper in Chile in 1943 was 548,000 tons, against 535,000 tons in 1942.

Lead

Real del Monte and El Potosi have settled with the miners during the last week, agreeing to increase wages and contribute toward betterment of social conditions. Other companies, which account for the bulk of Mexico's production of lead and other metals, are still negotiating. High government officials now have come into the picture to urge the workers to settle quickly with the mining companies on reasonable terms.

Aside from the interest in Mexican developments, the market for lead was a more or less routine affair. Consumption of lead has been maintained at a satisfactory level throughout the second quarter of the year, and, from present indications, demands will hold up well over the summer months.

Sales in the domestic market for the last week amounted to 4,201 tons, against 10,960 tons in the week previous.

Zinc

A fair tonnage of zinc was sold during the last week for July shipment, but there was no rush for supplies, and some producers believe deliveries next month may not absorb current production. High Grade appeared to be plentiful. Labor shortages at the smelters are cutting into production, though not to the extent that a reduction in stocks is expected for the near future.

Use of lead-free zinc oxide in four additional products has been authorized by amendment of General Preference Order M-11-a, WPB announced recently. Products added to the permitted list are laboratory reagent chemicals, cellulose nitrate plastics, vulcanized fibre and toilet soap. These items were inadvertently omitted from the original order. The amendment also definitely states the type of paint in which lead-free zinc oxide may be used.

Tin

The State Department announced on June 23 that diplomatic relations with the Government of Bolivia have been resumed. Eighteen other American republics have joined the United States in recognizing the Villarroel regime. On the preceding day the Bolivian Embassy announced that Mauricio Hochschild has been released from prison.

The market situation in tin here remains unchanged. Supplies are sufficient to take care of essential needs. The trade does not expect that controls regulating consumption will be eased for some time to come.

Straits quality tin for shipment, in cents per pound, was as follows:

	June	July	August
June 22	52.000	52.000	52.000
June 23	52.000	52.000	52.000
June 24	52.000	52.000	52.000
June 26	52.000	52.000	52.000
June 27	52.000	52.000	52.000
June 28	52.000	52.000	52.000

Chinese, or 99% tin, was unchanged last week at 51.125¢ per pound.

Quicksilver

Further weakness has developed in quicksilver, largely on continued pressure from weak holders on the Pacific Coast. Buying was on the quiet side throughout the week, with consumers wondering whether prices can drop much further in the face of current high production costs. Mines are still closing down, and liquidation undoubedly has figured in some of recent transactions at lower prices. The price situation on the Pacific Coast is described as "wholly nominal." The New York market was quotable at $98 to $103 per flask throughout the week, the inside figure covering round lots.

Silver

The London market for silver was quiet and unchanged at 23½d. The New York Official for foreign silver continued at 44¾¢, with domestic metal at 70⅝¢.

Lumber Movement—Week Ended June 24, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 499 mills reporting to the National Lumber Trade Barometer were 8.2% below production for the week ended June 24, 1944. In the same week new orders of these mills were 0.2% below production. Unfilled order files of the reporting mills amounted to 117.9% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days' production at the current rate, and gross stocks are equivalent to 33 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 6.4%; orders by 10.1%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 33.8% greater; shipments were 30.3% greater; and orders were 41.6% greater.

Moody's Daily Commodity Index

Tuesday, June 27, 1944	249.9
Wednesday, June 28	249.5
Thursday, June 29	249.6
Friday, June 30	243.9
Saturday, July 1	248.9
Monday, July 3	248.8
Tuesday, July 4	*
Two weeks ago, June 20	250.0
Month ago, June 3	250.7
Year ago, July, 1943	245.0
1943 Hgih, April 1	249.8
Low, Jan. 2	240.2
1944 High, March 17	251.5
Low, Jan. 5	247.0

*Holiday.

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended June 24, 1944 is estimated at 12,000,000 net tons, a decrease of 300,000 tons, or 2.4%, from the preceding week. Output in the corresponding week of 1943 amounted to only 4,606,000 tons as the result of a strike of the coal miners. Cumulative production of soft coal from Jan. 1 to June 24 totaled about 309,030,000 tons, compared with 279,122,000 tons in the same period last year, a gain of 10.7%.

Production of Pennsylvania anthracite for the week ended June 24, 1944, as estimated by the U. S. Bureau of Mines, was 1,239,000 tons, a decrease of 80,000 tons from the preceding week. When compared with the corresponding week of 1943, there was an increase of 953,000 tons. The calendar year to date shows an increase of 10.2% when compared with the same period last year. The final figure for 1943 calendar year production of Pennsylvania anthracite was 60,644,000 tons of which 1,266,000 tons was "bootleg" coal prepared and shipped by legitimiate producers.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended June 24, 1944 showed an increase of 7,000 tons when compared with the output for the week ended June 17; and was 102,900 tons more than for the corresponding week of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

Bituminous coal and lignite—	Week Ended— June 24, 1944	June 17, 1944	June 26, 1943	January 1 to Date— *June 24, 1944	June 26, 1943	June 26, 1937
Total incl. mine fuel	12,000,000	12,300,000	4,606,000	309,030,000	279,122,000	220,250,000
Daily average	2,000,000	2,050,000	768,000	2,060,000	1,857,000	1,474,000

*Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

Penn. anthracite—	*Week Ended— §June 24, 1944	¶June 17, 1944	June 26, 1943	*Calendar Year to Date— June 24, 1944	June 26, 1943	June 26, 1937
†Total incl. coll. fuel	1,239,000	1,319,000	286,000	32,051,000	29,089,000	27,872,000
‡Commercial produc.	1,189,000	1,266,000	275,000	30,770,000	27,925,000	26,478,000
Beehive coke—						
United States total	156,100	149,100	53,200	3,770,500	3,756,300	1,797,900

*1943 weekly and calendar year to date production has been adjusted to the final 1943 tonnage. †Includes washery and dredge coal, and coal shipped by truck from authorized operations. ‡Excludes colliery fuel. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended— June 17, 1944	June 10, 1944	June 19, 1943	June 19 1937
Alabama	402,000	386,000	367,000	234,000
Alaska	5,000	5,000	5,000	3,000
Arkansas and Oklahoma	73,000	87,000	91,000	15,000
Colorado	140,000	134,000	143,000	74,000
Georgia and North Carolina	1,000	1,000	1,000	*
Illinois	1,484,000	1,538,000	1,433,000	603,000
Indiana	533,000	562,000	523,000	255,000
Iowa	46,000	47,000	45,000	21,000
Kansas and Missouri	160,000	161,000	169,000	66,000
Kentucky—Eastern	937,000	939,000	948,000	699,000
Kentucky—Western	390,000	402,000	296,000	117,000
Maryland	39,000	40,000	40,000	24,000
Michigan	3,000	3,000	5,000	3,000
Montana (bitum. & lignite)	74,000	83,000	88,000	33,000
New Mexico	30,000	33,000	33,000	33,000
North & South Dakota (lignite)	36,000	35,000	32,000	13,000
Ohio	710,000	712,000	673,000	437,000
Pennsylvania (bituminous)	3,108,000	3,133,000	2,972,000	1,961,000
Tennessee	144,000	148,000	138,000	94,000
Texas (bituminous & lignite)	2,000	3,000	4,000	18,000
Utah	133,000	127,000	105,000	36,000
Virginia	388,000	390,000	397,000	226,000
Washington	30,000	25,000	31,000	30,000
†West Virginia—Southern	2,160,000	2,271,000	2,318,000	1,598,000
‡West Virginia—Northern	1,113,000	1,112,000	982,000	504,000
Wyoming	158,000	152,000	168,000	80,000
§Other Western States	1,000	1,000	*	1,000
Total bituminous & lignite	12,300,000	12,530,000	12,007,000	7,178,000
Pennsylvania anthracite	1,319,000	1,326,000	1,345,000	989,000
Total, all coal	13,619,000	13,856,000	13,352,000	8,167,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona, California, Idaho and Oregon. *Less than 1,000 tons.

Wholesale Prices Unchanged In Week Ended June 24, Labor Department Reports

Following the decline of the previous week, commodity prices in primary markets steadied and the general average remained unchanged during the week ended June 24. The Bureau of Labor Statistics' comprehensive index of nearly 900 price series held at 103.7% of the 1926 average. "The all-commodity average was 0.2% below the level of a month ago and 0.6% above that for last year at this time," the department's announcement said and continued as follows:

Farm products and foods. Higher average prices for livestock, cotton, eggs and white potatoes more than counterbalanced further declines in grain prices and lower quotations for oranges and hay causing the index for farm products to advance 0.1% during the week. The level for the foods group was unchanged from the previous week. Market prices for wheat dropped more than 1% and oats were down 0.6%. Prices for hay declined 3.7% and oranges and sweet potatoes were lower. Markets for livestock rallied from the decline of the week before and steers averaged about 1½% higher. Live poultry in the New York market rose more than 6% and prices of eggs were 2½% above the level of the previous week. Prices of potatoes in the Boston and Chicago markets, apples in the Chicago market, and onions rose substantially.

The index for farm products was 0.6% below the level of four weeks ago and 2½% lower than a year ago at this time. Average prices for foods at the wholesale level were unchanged from the corresponding week of May but are nearly 3% lower than at this time last year.

Industrial commodities. Industrial commodity markets continued to show relative stability. The mercury market remained unsettled and prices again dropped about 3%. The only other important price changes for industrial commodities were an advance of nearly 3% for rosin and slightly higher prices for turpentine.

The department's announcement also contained the following announcement:

Note: During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show: (1) index numbers for the principal groups of commodities for the past three weeks, for May 27, 1944 and June 26, 1943, and the percentage changes from a week ago, a month ago, and a year ago, and (2) percentage changes in subgroup indexes from June 17 to June 24, 1944.

WHOLESALE PRICES FOR WEEK ENDED JUNE 24, 1944

(1926=100)

Commodity Groups—	6-24 1944	6-17 1944	6-10 1944	5-27 1944	6-26 1943	Percentage change to June 24, 1944 from— 6-17 1944	5-27 1944	6-26 1943
All commodities	*103.7	*103.7	*104.0	*103.9	103.1	0	—0.2	+ 0.6
Farm products	*123.0	*122.9	*125.0	*123.7	126.2	+0.1	—0.6	— 2.5
Foods	104.9	104.9	105.4	104.9	108.0	0	0	— 2.9
Hides and leather products	117.7	117.7	117.7	117.7	118.4	0	0	— 0.6
Textile products	97.3	97.3	97.3	97.3	96.9	0	0	+ 0.4
Fuel and lighting materials	83.8	83.7	83.7	83.9	81.4	+0.1	—0.1	+ 2.9
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	115.9	115.8	115.8	115.1	110.4	+0.1	+0.3	+ 5.0
Chemicals and allied products	105.3	105.3	105.3	105.4	100.2	0	—0.1	+ 5.1
Housefurnishing goods	106.0	106.0	106.0	106.0	104.3	0	0	+ 1.6
Miscellaneous commodities	93.3	93.3	93.3	93.3	91.6	0	0	+ 1.9
Raw materials	*113.2	*113.1	*114.4	*113.6	114.2	+0.1	—0.4	— 0.9
Semimanufactured articles	93.7	93.7	93.7	93.6	92.7	0	+0.1	+ 1.1
Manufactured products	*101.1	*101.0	*101.0	*101.1	99.7	+0.1	0	+ 1.4
All commodities other than farm products	*99.5	*99.4	*99.5	*99.6	98.1	0	—0.1	+ 1.4
All commodities other than farm products and foods	*98.7	*98.7	*98.7	*98.7	96.9	0	0	+ 1.9

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JUNE 17, 1944 TO JUNE 24, 1944

Increases			
Livestock and poultry	0.7	Paint and paint materials	0.2
Other foods	0.5	Other farm products	0.1
Decreases			
Grains	0.8	Fruits and vegetables	0.5
Nonferrous metals	0.1		

Civil Engineering Construction 23% Over Week Ago

Civil engineering construction volume in continental U. S. totals $34,477,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 23% higher than in the preceding week, 2% above the previous four-week moving average, but 43% under the total reported to "Engineering News-Record" for the corresponding 1943 week. The report made public on June 29, went on to say:

Private construction tops last week by 62%, and is 13% higher than in the week last year. Public work is 18% higher than a week ago as a result of the increased state and municipal volume, but is 48% under a year ago due to the drop in Federal work.

The current week's construction brings 1944 volume to $891,830,000 for the 26 weeks, a decrease of 51% from the $1,826,400,000 reported for the period in 1943. Private construction, $201,481,000, is 11% below last year, and public construction, $690,349,000, is down 57%. State and municipal work tops the 26-week 1943 period by 4%, but Federal volume is down 61%.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	July 1, 1943	June 22, 1944	June 29, 1944
Total U. S. Construction	$60,148,000	$27,975,000	$34,477,000
Private Construction	4,863,000	3,400,000	5,506,000
Public Construction	55,285,000	24,575,000	28,971,000
State and Municipal	5,297,000	3,879,000	9,331,000
Federal	49,988,000	20,696,000	19,640,000

In the classified construction groups, gains over last week are in industrial buildings, earthwork and drainage, streets and roads, and unclassified construction. Increases over the 1943 week are in waterworks, industrial buildings, earthwork and drainage, and streets and roads. Subtotals for the week in each class of construction are: waterworks, $802,000; sewerage, $426,000; bridges, $179,000; industrial buildings, $1,480,000; commercial building and large-scale private housing, $460,000; public buildings, $8,741,000; earthwork and drainage, $2,007,000; streets and roads, $8,390,000; and unclassified construction, $11,992,000.

New capital for construction purposes for the week totals $3,439,000, and is made up of $1,089,000 in state and municipal bond sales, and $2,350,000 in RFC loans for private industrial construction.

New construction financing for 1944 to date, $443,277,000, compares with $2,909,923,000 reported for the 26-week 1943 period.

House Votes To Remove Insurance Companies From Applicability Of Anti-Trust Laws

By a vote of 283 to 54, the House of Representatives on June 22 passed a bill to affirm the intention of Congress, as pointed out by Representative Walter, "that the regulation of the business of insurance remain within the control of the several States and that the Acts of July 2, 1890. and Oct. 15, 1914 as amended, be not applicable to that business." The bill would remove insurance companies from the scope of the 4-3 Supreme Court decision of June 5, in which it was held that insurance is business in interstate commerce and hence is subject to the Sherman Anti-trust Act. The opinion was referred to in our issue of June 8, page 2383. The bill, sponsored by Representative Walter (Democrat) of Pennsylvania declares that nothing contained in the Sherman and Clayton Anti-Trust Acts shall be construed as applying to the business of insurance or shall be permitted to interfere with the regulation of insurance by the States. Reporting this, advices to the New York "Journal of Commerce" from its Washington bureau on June 22, said: Only one Republican voted against the measure, while 167 Republicans and 115 Democrats combined to pile up the vote which completely cut across party lines.

Four moves to amend the bill were defeated by voice votes after a succession of speakers from both sides of the House had fired a broadside at alleged usurpation of Congressional powers by the Supreme Court and urged return of control over insurance to the States.

A similar bill drawn in the Senate by Senator Josiah W. Bailey (Dem., S. C.) will be considered tomorrow by the Senate Judiciary Committee, but there is no possibility of action on it before the summer recess on June 23). At a meeting of the Judiciary Committee today Senator Joseph C. O'Mahoney (Dem., Wyo.) blocked action by pointing out that the bill was still under consideration by a subcommittee and urged that nothing be done for an indefinite period.

Immediately after a motion by Representative Emanuel Celler (Dem., N. Y.) to strike out the enacting clause of the House bill was defeated in a voice vote. Representative Clinton P. Anderson (Dem., N. Mex.) offered an amendment defining in detail the regulatory powers which Congress would intend the States to exert.

Representative Clarence Hancock (Rep., N. Y.), who steered the bill for his party on the floor, objected that the amendment was unnecessary and it was quickly voted down.

Asserting that passage of the bill would prevent trial of charges against the South-Eastern Underwriters Association, 197 member companies and 29 individuals of alleged Sherman Act violations, Representative Charles M. La Follette (Rep., Ind.) offered an amendment providing that nothing in the act would affect pending litigation, either criminal or civil.

Proponents of the bill held that it would not prevent trial of the case in Georgia and the amendment was beaten by a vote of 137 to 34 on a division of the House.

Another effort to recommit the bill to committee by Mr. Celler was defeated and the roll call vote was taken.

In the closing speech for the bill Representative Hatton W. Sumners (Dem., Tex.), veteran Chairman of the House Judiciary Committee, asserted that the two decisions of the Supreme Court June 4 holding that insurance is interstate commerce and thus subject to the Federal anti-trust laws "strike at the heart of States' rights."

"I, for one, do not propose for one minute to yield even to the Supreme Court the right to destroy our cherished democracy," Mr. Sumners said. "Congress must not abdicate and the Supreme Court had better get over on its own side of the fence."

Representative Francis E. Walter (Dem., Pa.), author of the bill, said it was designed to "restore the status quo" which existed before the Supreme Court decisions.

"The Supreme Court has changed the law too often," Mr. Walter said. "It has misconstrued the acts of Congress and contemptuously disregarded the intent of this body."

In his remarks on the bill in the House on June 22, Representative Walter said (we quote from the "Congressional Record"):

"The purpose of the bill is clearly indicated by the title to reassert the intention which Congress had when it adopted the Sherman Act and the Clayton Act, and from which it has never deviated, that those acts shall not be applicable to the insurance business, and to make certain that the long-tried method of regulation of insurance by these several States may continue. It is a bill to call a halt to the unnecessary centralization of Governmental functions and to affirm the principle that matters which primarily concern the several States and which can best be dealt with by them should be left in their hands."

Record Daily Average Crude Oil Production—Up 14,950 Barrels Per Day In June 24 Week

The American Petroleum Institute estimated that the daily average gross crude oil production for the week ended June 24, 1944, was 4,583,200 barrels, the highest level in the history of the industry. It was 14,950 barrels per day higher than the output in the preceding week and exceeded the corresponding week of last year by 628,300 barrels per day. The current figure was only 2,400 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of June, 1944. Daily production for the four weeks ended June 24, 1944 averaged 4,549,200 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,638,000 barrels of crude oil daily and produced 14,066,000 barrels of gasoline; 1,502,000 barrels of kerosine; 4,337,000 barrels of distillate fuel oil, and 8,961,000 barrels of residual fuel oil during the week ended June 24, 1944; and had in storage at the end of that week 86,000,000 barrels of gasoline; 9,195,000 barrels of kerosine; 34,328,000 barrels of distillate fuel, and 52,757,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations June	*State Allowables begin. June 1	Actual Production Week Ended June 24, 1944	Actual Production Change from Previous Week	4 Weeks Ended June 24, 1944	Week Ended June 26, 1943
Oklahoma	332,000	332,000	†332,300	+ 350	331,500	339,450
Kansas	274,000	269,600	†289,700	+ 5,500	276,800	306,950
Nebraska	1,000	----	†1,000	----	1,000	2,200
Panhandle Texas			92,150	----	92,000	90,100
North Texas			149,400	----	149,100	131,800
West Texas			447,900	----	445,200	228,950
East Central Texas			145,000	----	143,900	123,500
East Texas			360,550	----	361,100	334,900
Southwest Texas			312,950	----	312,100	208,250
Coastal Texas			528,450	----	527,200	380,200
Total Texas	2,039,000	‡2,042,059	2,036,400	----	2,030,600	1,497,700
North Louisiana			74,200	+ 150	73,700	84,700
Coastal Louisiana			288,750	----	287,900	240,850
Total Louisiana	350,000	395,000	362,950	+ 150	361,700	325,550
Arkansas	78,000	77,991	80,250	— 50	80,400	75,150
Mississippi	42,000		45,350	+ 2,400	43,400	53,100
Alabama			100	----	100	----
Florida			50	----	50	----
Illinois	220,000		209,550	+ 3,900	206,800	207,750
Indiana	14,000		12,900	+ 500	12,500	14,500
Eastern—(Not incl. Ill., Ind., Ky.)	73,600		66,800	— 2,400	68,500	76,950
Kentucky	23,000		21,750	+ 2,500	20,800	19,800
Michigan	51,000		47,200	— 3,000	49,500	54,400
Wyoming	94,000		91,450	+ 7,250	84,900	92,000
Montana	24,400		21,300	----	21,300	20,850
Colorado	7,400		8,350	+ 200	8,400	6,900
New Mexico	113,000	113,000	108,000	+ 50	108,100	97,150
Total East of Calif	3,736,400		3,735,400	+ 17,350	3,706,200	3,190,400
California	849,200	§849,200	847,800	— 2,400	843,000	764,500
Total United States	4,585,600		4,583,200	+ 14,950	4,549,200	3,954,900

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. June 22, 1944.

‡This is the net basic allowable as of June 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 1 to 15 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JUNE 24, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,373	94.2	7,021	37,461	18,647	15,768
Appalachian— District No. 1	130	83.9	101	77.7	319	2,418	439	278
District No. 2	47	87.2	55	117.0	181	1,324	172	209
Ind., Ill., Ky.	824	85.2	768	93.2	2.708	19,016	5,287	3,339
Okla., Kans., Mo.	418	80.2	376	90.0	1,331	7,593	1,515	1,398
Rocky Mountain— District No. 3	13	17.0	12	92.3	34	69	4	29
District No. 4	141	58.3	110	78.0	385	2,433	334	647
California	817	89.9	843	103.2	2,087	15,686	7,930	31,089
Total U. S. B. of M. basis June 24, 1944	4,908	87.2	4,638	94.5	14,066	†86,000	34,328	52,757
Total U. S. B. of M. basis June 17, 1944	4,908	87.2	4,752	96.8	14,398	85,268	34,137	52,017
U. S. Bur. of Mines basis June 26, 1943			4,007		11,360	78,960	32,232	67,240

*At the request of the Petroleum Administration for War. †Finished, 73,844,000 barrels; unfinished, 12,156,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,502,000 barrels of kerosine, 4,337,000 barrels of gas oil and distillate fuel oil and 8,961,000 barrels of residual fuel oil produced during the week ended June 24, 1944, which compares with 1,489,000 barrels, 4,870,000 barrels and 9,489,000 barrels, respectively, in the preceding week and 1,426,000 barrels, 3,788,000 barrels and 8,033,000 barrels, respectively, in the week ended June 26, 1943.

Note—Stocks of kerosine at June 24, 1944 amounted to 9,195,000 barrels, as against 9,024,000 barrels a week earlier and 7,937,000 barrels a year before.

Trading On New York Exchanges

The Securities and Exchange Commission made public on June 24 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended June 10, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended June 10 (in round-lot transactions) totaled 2,175,604 shares, which amount was 16.79% of the total transactions on the Exchange of 6,477,020 shares. This compares with member trading during the week ended June 3 of 1,433,972 shares, or 15.14% of the total trading of 4,732,350 shares. On the New York Curb Exchange, member trading during the week ended June 10 amounted to 277,255 shares, or 14.14% of the total volume on that exchange of 980,155 shares; during the June 3 week trading for the account of Curb members of 275,290 shares was 14.20% of total trading of 969,325 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JUNE 10, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	190,510	
‡Other sales	6,286,510	
Total sales	6,477,020	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	497,870	
Short sales	68,560	
‡Other sales	406,770	
Total sales	475,330	7.51
2. Other transactions initiated on the floor—		
Total purchases	395,430	
Short sales	15,230	
‡Other sales	356,650	
Total sales	371,880	5.92
3. Other transactions initiated off the floor—		
Total purchases	192,876	
Short sales	18,690	
‡Other sales	223,528	
Total sales	242,218	3.36
4. Total—		
Total purchases	1,086,176	
Short sales	102,480	
‡Other sales	986,948	
Total sales	1,089,428	16.79

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JUNE 10, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	4,975	
‡Other sales	975,180	
Total sales	980,155	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	73,550	
Short sales	2,025	
‡Other sales	81,985	
Total sales	84,010	8.04
2. Other transactions initiated on the floor—		
Total purchases	21,800	
Short sales	1,400	
‡Other sales	22,940	
Total sales	24,340	2.35
3. Other transactions initiated off the floor—		
Total purchases	38,835	
Short sales	0	
‡Other sales	34,720	
Total sales	34,720	3.75
4. Total—		
Total purchases	134,185	
Short sales	3,425	
‡Other sales	139,645	
Total sales	143,070	14.14
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	42,033	
Total purchases	42,033	
Total sales	30,187	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Dr. Collins Named Dean Of Bus. School

Dr. G. Rowland Collins, a member of the faculty of New York University for nearly a quarter of a century, has been named Dean of the University's Graduate School of Business Administration at 90 Trinity Place, it was announced June 27 by Chancellor Harry Woodburn Chase. Dr. Chase made the announcement at a reception for leading Wall Street executives who are among the friends and patrons of the school.

Dean Collins will succed Dean-Emeritus A. Wellington Taylor, first head of the school, who has retired. Dr. Collins has been Acting Dean for the past year. Joining the New York University faculty as an instructor in English in 1920, he began specialization in business administration and has been a Professor of Marketing since 1926. In 1927 Dr. Collins was named Assistant Dean of the School of Commerce, Accounts and Finance, and became Associate Dean four years later. He has published a number of books on business, marketing and salesmanship, and written articles for business and trade publications and the Encyclopedia Brittanica. In 1934, Macalester College, of which he is now a trustee, awarded him the honorary degree of Doctor of Laws. The new Dean is consulting economist for Dade Brothers Aircraft Corp., Mineola, L. I., now engaged exclusively in war work. He is also a director of the National Safety Bank & Trust Co.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 27 a summary for the week ended June 17 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended June 17, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	34,806
Number of shares	1,045,778
Dollar value	$36,432,819
Odd-Lot Purchases by Dealers—(Customers' sales)	
Number of Orders:	
Customers' short sales	283
*Customers' other sales	33,573
Customers' total sales	33,856
Number of Shares:	
Customers' short sales	8,844
*Customers' other sales	939,307
Customers' total sales	948,151
Dollar value	$29,178,792
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	100
†Other sales	238,700
Total sales	238,800
Round-Lot Purchases by Dealers:	
Number of shares	318,280

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Three Point Program For Post-War Economic Stability For Farmers Suggested

A large group of leading agricultural experts in replies to a poll by the life insurance companies of America, announced on June 20, a three-point program for maintaining the farmers' post-war economic stability and prosperity to avoid a farm depression such as occurred after the war of 1914-18, said the New York Herald Tribune of June 21, which also had the following to say about the suggestions:

The recommendations include "national action to maintain a high level of employment and consumer purchasing power with the stimulation of foreign trade as an important factor." Also, the "prevention and control of any inflationary boom in farm land values," a development which contributed so decisively to the agricultural depression after the previous war.

The final suggestion is a "planned program of saving by the farmer himself." The experts sum up their views with the belief that "our knowledge gained during the last depression together with the obvious will to work out an over-all world program for production and marketing of farm products should prevent any depression in agriculture."

The economists who answered the questionnaire represented the New York College of Agriculture at Cornell University, Harvard University, the University of Missouri, University of Wisconsin, Massachusetts State College, Ohio State University, University of Illinois and others.

The majority of replies indicated the belief that farm price-inflation controls have been effective to date, but that greater efforts will be needed for the balance of the war. It was also felt that controls should be maintained for a period after the war, since there will be "great danger" of a farm depression.

Revenue Freight Car Loadings During Week Ended June 24, 1944 Increased 2,106 Cars

Loading of revenue freight for the week ended June 24, 1944 totaled 881,267 cars, the Association of American Railroads announced on June 29. This was an increase above the corresponding week of 1943 of 120,337 cars, or 15.8%, and an increase above the same week in 1942 of 27,849 cars, or 3.3%.

Loading of revenue freight for the week of June 24, increased 2,106 cars, or 0.1% above the preceding week.

Miscellaneous freight loading totaled 389,228 cars, an increase of 1,793 cars above the preceding week, but a decrease of 732 cars below the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 103,842 cars, a decrease of 643 cars below the preceding week, but an increase of 5,468 cars above the corresponding week in 1943.

Coal loading amounted to 175,529 cars, a decrease of 6,045 cars below the preceding week, but an increase of 106,975 cars above the corresponding week in 1943, due to strike in 1943.

Grain and grain products loading totaled 53,333 cars, an increase of 8,001 cars above the preceding week but a decrease of 2,277 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of June 24, totaled 37,746 cars, an increase of 8,195 cars above the preceding week but a decrease of 3,948 cars below the corresponding week in 1943.

Live stock loading amounted to 14,570 cars, an increase of 662 cars above the preceding week, and an increase of 3,049 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of June 24 totaled 10,310 cars, an increase of 372 cars above the preceding week, and an increase of 2,346 cars above the corresponding week in 1943.

Forest products loading totaled 47,641 cars, a decrease of 463 cars below the preceding week but an increase of 2,783 cars above the corresponding week in 1943.

Ore loading amounted to 82,088 cars, a decrease of 932 cars below the preceding week but an increase of 987 cars above the corresponding week in 1943.

Coke loading amounted to 15,036 cars, a decrease of 267 cars below the preceding week, but an increase of 4,084 cars above the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943. All districts reported increases compared with 1942, except the Pocahontas, Southern and Northwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446,252	3,363,195	3,311,637
Week of June 3	810,772	667,609	854,689
Week of June 10	874,193	854,486	832,635
Week of June 17	879,161	868,286	844,913
Week of June 24	881,267	760,930	853,418
Total	21,051,394	20,100,468	21,063,401

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended June 24, 1944. During the period 90 roads showed increases when compared with the corresponding week a year ago when the coal miners were on strike.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED JUNE 24

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	220	261	372	1,307	1,384
Bangor & Aroostook	978	1,033	1,152	297	172
Boston & Maine	7,108	6,341	6,030	14,908	14,925
Chicago, Indianapolis & Louisville	1,240	1,199	1,497	2,390	1,899
Central Indiana	24	41	32	35	43
Central Vermont	1,066	1,081	992	2,296	3,457
Delaware & Hudson	5,917	4,107	6,321	12,314	11,917
Delaware, Lackawanna & Western	7,884	6,099	7,642	11,230	12,259
Detroit & Mackinac	274	245	333	145	120
Detroit, Toledo & Ironton	1,861	1,731	1,556	1,302	1,163
Detroit & Toledo Shore Line	316	295	279	2,296	2,064
Erie	13,692	11,688	12,965	17,262	17,669
Grand Trunk Western	3,871	3,814	3,677	8,497	8,544
Lehigh & Hudson River	211	193	186	2,840	2,245
Lehigh & New England	1,711	1,090	2,157	1,791	1,191
Lehigh Valley	9,066	5,823	8,943	16,594	14,802
Maine Central	2,375	2,208	2,253	2,570	2,554
Monongahela	6,377	1,963	6,586	358	389
Montour	2,531	726	2,429	24	192
New York Central Lines	49,404	52,780	46,870	55,292	42,513
N. Y., N. H. & Hartford	9,221	9,663	10,011	19,508	17,703
New York, Ontario & Western	1,322	1,253	1,152	3,530	2,063
New York, Chicago & St. Louis	6,975	6,398	7,315	16,364	15,166
N. Y., Susquehanna & Western	512	532	436	2,179	1,376
Pittsburgh & Lake Erie	7,799	6,359	7,846	8,644	6,456
Pere Marquette	5,007	4,964	5,131	7,482	7,738
Pittsburg & Shawmut	919	406	787	43	36
Pittsburg, Shawmut & North	334	305	397	199	238
Pittsburgh & West Virginia	1,396	755	1,171	2,901	3,083
Rutland	372	345	376	1,104	1,022
Wabash	6,054	5,010	5,355	12,488	13,023
Wheeling & Lake Erie	6,085	4,611	5,809	4,567	4,606
Total	162,122	143,319	158,064	232,757	212,012
Allegheny District—					
Akron, Canton & Youngstown	654	739	678	1,226	959
Baltimore & Ohio	46,392	34,540	40,428	29,860	28,915
Bessemer & Lake Erie	6,103	5,655	7,567	2,431	1,575
Buffalo Creek & Gauley	330	306	261	3	4
Cambria & Indiana	1,610	0	2,026	16	3
Central R. R. of New Jersey	6,770	5,763	7,001	19,646	21,497
Cornwall	555	618	674	51	48
Cumberland & Pennsylvania	256	153	294	6	10
Ligonier Valley	132	199	138	49	45
Long Island	1,292	1,195	761	3,570	3,770
Penn-Reading Seashore Lines	1,774	1,765	1,693	2,628	2,973
Pennsylvania System	89,690	69,627	84,247	67,445	62,921
Reading Co.	14,668	12,058	14,536	28,077	24,802
Union (Pittsburgh)	19,408	20,004	21,794	7,027	7,267
Western Maryland	4,146	3,158	4,141	12,631	10,381
Total	193,780	155,780	186,239	174,666	165,170
Pocahontas District—					
Chesapeake & Ohio	28,808	14,946	28,857	14,038	10,678
Norfolk & Western	21,090	13,073	22,500	8,891	6,172
Virginian	4,603	1,994	4,501	2,392	2,121
Total	54,501	30,013	55,858	25,321	18,971
Southern District—					
Alabama, Tennessee & Northern	315	292	344	450	300
Atl. & W. P.—W. R. R. of Ala	870	630	659	2,469	2,756
Atlanta, Birmingham & Coast	892	767	784	1,461	1,084
Atlantic Coast Line	12,076	13,596	11,355	9,109	9,619
Central of Georgia	3,573	4,783	4,072	5,635	4,383
Charleston & Western Carolina	350	403	436	1,728	1,559
Clinchfield	1,735	1,532	1,691	2,957	2,048
Columbus & Greenville	224	343	314	289	134
Durham & Southern	112	98	142	694	625
Florida East Coast	1,004	1,558	629	1,487	1,705
Gainesville Midland	42	33	38	94	87
Georgia	1,250	1,066	1,515	2,490	3,078
Georgia & Florida	445	415	470	567	633
Gulf, Mobile & Ohio	4,336	3,504	3,885	4,094	3,832
Illinois Central System	29,292	22,781	26,195	16,564	18,319
Louisville & Nashville	24,891	15,907	26,080	11,440	11,652
Macon, Dublin & Savannah	160	202	159	955	771
Mississippi Central	253	233	167	472	372
Nashville, Chattanooga & St. L.	3,098	3,344	3,436	4,742	4,973
Norfolk Southern	1,505	2,457	2,947	1,363	1,627
Piedmont Northern	401	345	376	1,075	1,170
Richmond, Fred. & Potomac	491	388	510	10,954	11,424
Seaboard Air Line	9,615	10,384	11,133	8,366	8,112
Southern System	23,385	19,425	23,880	24,135	21,909
Tennessee Central	645	1,129	656	885	817
Winston-Salem Southbound	123	90	96	1,029	701
Total	121,083	105,705	121,969	115,504	113,690
Northwestern District—					
Chicago & North Western	19,150	20,454	22,726	14,006	13,744
Chicago Great Western	2,274	2,365	2,448	3,574	3,062
Chicago, Milw., St. P. & Pac.	22,114	19,559	18,757	10,983	10,879
Chicago, St. Paul, Minn. & Omaha	3,380	3,448	3,493	3,999	3,678
Duluth, Missabe & Iron Range	26,454	25,229	27,900	196	354
Duluth, South Shore & Atlantic	731	982	1,201	531	606
Elgin, Joliet & Eastern	8,985	8,669	10,283	12,214	9,506
Ft. Dodge, Des Moines & South	426	415	596	111	86
Great Northern	23,881	25,452	26,067	7,181	6,667
Green Bay & Western	449	417	569	951	901
Lake Superior & Ishpeming	3,180	2,638	2,754	50	35
Minneapolis & St. Louis	2,371	1,728	2,109	2,546	2,249
Minn., St. Paul & S. S. M.	7,447	7,178	7,376	3,460	2,858
Northern Pacific	11,014	11,097	11,127	6,345	5,577
Spokane International	189	175	240	641	643
Spokane, Portland & Seattle	2,893	2,633	2,801	3,729	3,464
Total	134,947	132,439	140,387	70,517	64,309
Central Western District—					
Atch., Top. & Santa Fe System	29,657	26,704	25,894	12,347	12,217
Alton	3,693	2,665	2,966	4,112	4,227
Bingham & Garfield	415	506	684	104	75
Chicago, Burlington & Quincy	18,629	16,661	15,809	12,341	11,709
Chicago & Illinois Midland	3,142	1,289	2,692	738	741
Chicago, Rock Island & Pacific	14,799	12,896	12,408	12,881	13,746
Chicago & Eastern Illinois	2,790	1,886	2,221	6,874	6,207
Colorado & Southern	573	662	750	2,524	1,648
Denver & Rio Grande Western	3,668	2,510	3,337	6,188	5,919
Denver & Salt Lake	730	334	599	33	15
Fort Worth & Denver City	1,523	1,226	1,691	1,795	2,603
Illinois Terminal	2,375	1,829	1,702	1,971	1,741
Missouri-Illinois	933	1,052	1,148	543	428
Nevada Northern	1,833	2,004	2,040	112	108
North Western Pacific	897	1,021	1,165	752	716
Peoria & Pekin Union	1	0	16	0	0
Southern Pacific (Pacific)	35,005	33,137	32,608	14,383	14,763
Toledo, Peoria & Western	293	295	314	2,298	1,974
Union Pacific System	15,284	13,277	12,777	18,341	17,196
Utah	528	97	622	2	3
Western Pacific	2,300	2,451	2,009	4,200	4,194
Total	139,068	122,502	123,452	102,539	100,230
Southwestern District—					
Burlington-Rock Island	574	1,285	214	493	221
Gulf Coast Lines	5,001	5,676	4,513	2,508	2,363
International-Great Northern	3,611	2,136	2,913	3,278	3,222
Kansas, Oklahoma & Gulf	260	251	343	1,030	993
Kansas City Southern	5,956	5,701	4,747	2,512	2,915
Louisiana & Arkansas	3,888	4,053	4,249	2,934	3,144
Litchfield & Madison	315	273	297	1,029	1,250
Midland Valley	691	472	680	399	243
Missouri & Arkansas	141	155	151	386	385
Missouri-Kansas-Texas Lines	7,620	5,985	5,267	6,218	6,010
Missouri Pacific	16,631	16,005	15,562	19,051	18,160
Quanah Acme & Pacific	3,186	2,783	2,805	7,567	6,720
St. Louis-San Francisco	10,090	7,477	9,158	8,857	10,371
St. Louis Southwestern	3,186	2,783	2,905	7,567	6,720
Texas & New Orleans	12,730	13,646	11,014	5,310	5,676
Texas & Pacific	4,743	4,867	5,233	8,542	7,271
Weatherford M. W. & N. W.	111	88	119	36	41
Wichita Falls & Southern	34	22	31	26	21
Total	75,766	71,172	67,449	70,516	69,251

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
March 4	178,375	146,926	650,606	95	94
March 11	152,627	144,761	655,682	95	94
March 18	136,105	150,940	639,537	95	94
March 25	125,806	147,604	613,978	97	94
April 1	138,724	141,959	607,537	93	94
April 8	179,056	144,422	635,727	94	94
April 15	145,936	143,883	636,176	92	94
April 22	138,712	158,871	610,555	98	94
April 29	147,768	156,041	601,880	98	95
May 6	186,666	158,534	628,495	98	95
May 13	144,921	150,435	620,728	95	95
May 20	140,287	157,370	602,062	97	95
May 27	138,501	155,105	582,090	96	95
June 3	170,421	152,461	599,322	93	95
June 10	144,384	157,794	584,083	96	95
June 17	147,689	154,137	577,721	95	95
June 24	130,510	156,338	549,830	96	95

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

NY Curb Celebrates 23rd Anniversary

Coincident with their 23rd anniversary of indoor trading, members and employees of the New York Curb Exchange celebrated this milestone in the history of the nation's second largest securities exchange by sponsoring a 100% participation war bond rally with a total subscription in excess of $1,600,000.

The rally began at one minute after three o'clock, when Fred C. Moffatt, President, announced the amount subscribed. He stressed the theme that "war bond purchases should not be prompted or inspired by theatricals but rather by the stark reports from fighting fronts." He then introduced Captain Tim Healey, Australian Intelligence Officer, flying ace in World War I, lecturer and author of the recently published "More Lives Than One," who spoke briefly on the dire need of more purchases of war bonds. William R. White, Director of the Banking & Investment Division of the War Finance Committee, spoke of the qualifications which are peculiar to brokers and others in Wall Street and which are so well-suited to the effort of selling war bonds. Frederick V. Gehle, Executive Manager of the War Finance Committee, announced that while the half-way mark had been reached on time in this drive, folks should not delay their purchases but should buy their bonds now. Two war heroes, Sgt. Anthony Shannon and Private Maurice Mitchell, told briefly of their battle experiences.

Richard W. Hill To Retire From ABA

Richard W. Hill, Secretary of the American Bankers Association, will retire on August 31 after 28 years of service with the Association, it was announced in New York on July 2 by A. L. M. Wiggins, President of the ABA. In addition to being Secretary of the Association, Mr. Hill is registrar of the Graduate School of Banking which the ABA conducts at Rutgers University, New Brunswick, N. J. For many years he was also an officer of the American Institute of Banking, educational section of the ABA. Mr. Hill is a native New Yorker and a product of the city's schools. After completing the work of the New York Preparatory School he attended New York University Law School and was admitted to the bar in 1902. He practiced law for ten years. He was Secretary of the Borough of the Bronx from 1914 to 1916, in which year he joined the American Institute of Banking as assistant educational director. He was made National Secretary of the Institute in 1919 and continued in that capacity until 1938.

In 1923 he was appointed Secretary of the Public Education Commission of the American Bankers Association, which post he held until 1938. When the Graduate School of Banking, school of graduate study for bank officers, was organized in 1935, he was named registrar. Mr. Hill became Secretary of the ABA on Nov. 1, 1937. A year ago Rutgers University conferred an honorary degree of Master of Arts on Mr. Hill in recognition of his services to education, and last week (June 30) the Graduate School of Banking announced an achievement award in his honor to be given each year to the oldest man graduating as an encouragement to bank officers to continue their education through courses offered by the Graduate School.

Items About Banks, Trust Companies

(Continued from page 101)

The Public National Bank and Trust Co. of New York reported as of June 30, 1944, total deposits of $358,937,591 and total assets of $383,866,956, compared, respectively, with $339,687,845 and $363,329,469 on Mar. 31. Cash on hand and due from banks amounted to $69,939,163, against $68,681,264; holdings of United States Government securities to $208,057,120, against $193,481,819, and loans and discounts to $93,696,074, against $88,465,039. Capital and surplus were unchanged at $7,000,000 and $9,000,000, respectively, but undivided profits were $3,881,305 after allowing for $150,000 dividend payable July 1, against $3,572,738 at the end of December.

The directors of the Clinton Trust Company of New York have called a special meeting of stockholders for July 18 to act upon a proposal to increase the capital stock from $600,000 to $700,000, through the issuance of 2,000 shares, par value $50, which will be offered for subscription by stockholders. The most recent published report of the bank, as at the close of business March 31, 1944, indicated the book value of 12,000 shares of $50 par stock then outstanding to be $90.90 per share. Commenting on the proposal in a letter to stockholders today, Lee S. Buckingham, President, pointed out that "the growth of the bank makes it advisable and necessary to increase the capital stock." The plan, according to Mr. Buckingham, provides that each stockholder of record at the close of business July 18 shall have the right, at any time up to the close of business on August 10, to subscribe at par for any number of new shares up to one-sixth of his present holdings. Fractional share certificates will not be issued, and any stockholder entitled to a fractional share may subscribe for a whole one. Mr. Buckingham explained that, under the plan, the additional shares would be underwritten by the officers and directors of the bank, who will take up any shares not subscribed for by stockholders. The underwriters would also supply any stock necessary to provide the full shares for subscription by those stockholders who are entitled to only fractional certificates but who desire full shares. Stockholders of record as of July 6 are entitled to vote upon the proposal.

The statement of condition of the Grace National Bank of New York as of June 30, 1944, shows deposits of $70,082,422, as compared with $68,741,266 on March 31, 1944, and $64,208,157 a year ago. Surplus and undivided profits amounted to $3,166,388, as compared with $2,847,043 on Mar. 31, 1944, and $2,586,142 a year ago. Cash in vault and with banks totaled $16,049,264 as compared with $15,058,928 on March 31, 1944 and $15,380,621 a year ago. U. S. Government securities were $37,747,590 as compared with $37,317,504 on March 31, 1944, and $34,090,913 a year ago. Loans and discounts were $16,981,036 as compared with $17,952,765 on March 31, 1944, and $13,635,491 a year ago.

Colonial Trust Company of New York reported as of June 30, total deposits of $35,825,761 and total assets of $37,527,939, compared, respectively, with $31,890,752 and $33,553,630 on December 31, 1943. Cash on hand and due from banks amounted to $9,840,385 against $9,031,828; holdings of United States Government securities to $17,252,053 against $14,655,000, and loans and bills purchased to $9,395,208 against $9,191,056. Capital is unchanged at $1,000,000 and surplus and undivided profits are $555,527 against $508,602 at the end of December.

Arthur S. Kleeman, President of the Colonial Trust Company, announced following the June 28 meeting that the Board of Directors voted to transfer $50,000 from undivided profits to surplus account, effective June 30. This will increase surplus to $500,000, giving the bank total capital and surplus of $1,500,000.

Fulton Trust Company of New York reports total deposits of $36,026,711 and total assets of $41,381,277 in its statement of June 30, 1944, as compared with deposits of $31,380,714 and total assets of $36,696,384 on March 31, 1944. As of June 30, 1943 total deposits were $29,295,863 and total assets $34,501,175. Cash, U. S. Government securities and demand loans secured by collateral amounted to $37,596,827, as compared with $32,604,634 on March 31 last and $30,426,107 a year ago. Capital and surplus showed no change in total at $4,000,000 but undivided profits increased to $1,074,703, after dividend payable July 1, 1944, as against $1,061,578 shown on March 31, 1944, and $968,662 on June 30, 1943.

Combined net current operating earnings of The National City Bank of New York and of the City Bank Farmers Trust Company for the first six months of the year, after provision for taxes and depreciation, were $7,880,609 compared with $6,727,965 for the same period in 1943. This represents $1.27 per share for 1944 and $1.09 per share for 1943 on the 6,200,000 shares outstanding. In addition, combined net profits from sales of securities amounted to $5,762,846 for the first six months of 1944 and $1,289,898 for the first six months of 1943, or a total, when added to net current operating earnings, of $13,643,455 for the first six months of 1944 and $8,017,863 for the corresponding period in 1943. This represents a half-year total of $2.20 per share for 1944 and $1.29 for 1943.

The bank's surplus account was increased $7,500,000 by adding the bank's net profits from sales of securities, which were $5,594,346, together with $1,905,654 of recoveries for the period. All other recoveries of the bank, as well as all profits and recoveries of the trust company, were transferred directly to reserves. Undivided profits of the bank were increased by $3,902,864 from net current operating earnings. At the end of the half-year, after these additions to surplus and undivided profits totalling $11,402,864, the total capital, surplus and undivided profits of the bank amounted to $222,956,460.

The Trust Company which is owned beneficially by the shareholders of the bank showed capital, surplus and undivided profits unchanged at $25,830,103 which is in addition to the capital funds of the bank.

J. P. Morgan & Co., Inc., New York City, reported as of June 30, 1944, total deposits of $799,042,132 and total assets of $854,733,998, compared, respectively, with $760,665,053 and $809,151,231 on Mar. 31, 1944. Cash on hand and due from banks are now $129,432,770, against $148,129,047; holdings of United States Government securities $569,409,517, against $524,831,104, and loans and bills purchased are now shown as $117,377,890, against $94,937,809. Capital and surplus were unchanged at $20,000,000 each, and undivided profits June 30 are $3,782,307 against $2,101,624 on Mar. 31.

The June 30 statement of condition of the Guaranty Trust Company of New York shows total resources of $3,601,236,269, deposits of $3,190,800,362, and U. S. Government obligations of $2,178,737,312, all of which are at their highest points in the Company's history. Previous high marks for total resources and deposits were reported Sept. 30, 1943, when resources totaled $3,325,058,938 and deposits were $2,999,738,529. Previous high point reached in holdings of U. S. Government obligations was Mar. 31, 1944, when the figure was $1,965,799,932.

Capital and surplus remain unchanged at $90,000,000 and $170,000,000, respectively, and undivided profits of $36,054,428 compared with $34,264,977 at the time of the last published statement, Mar. 31, 1944, and with $25,453,136 on June 30, 1943.

Bank of the Manhattan Company of New York reported as of June 30, 1944 total deposits of $1,097,782,241 and total assets of $1,158,292,426 compared respectively with $949,585,763 and $1,009,376,653 as of Mar. 31, 1944. Cash on hand and due from banks amounted to $290,356,684 against $226,338,599; holdings of United States Government obligations $545,582,294 against $457,026,593. Loans and discounts increased to $276,152,099 from $276,014,508. Capital and surplus remained at $20,000,000 respectively. Undidivided profits after reserve of $400,000 for quarterly dividend increased to $11,057,806 from $10,524,519 at the end of March, 1944.

The statement of condition of Corn Exchange Bank Trust Co. of New York as of the close of business June 30, 1944, shows total assets of $659,896,456 as compared with $642,414,886, on Mar. 31, 1944. The bank reports deposit and other liabilities of $622,347,105 and capital, surplus and undivided profits of $37,549,351, compared with deposit and other liabilities of $605,149,025, and capital surplus and undivided profits of $37,265,860 on June 30, 1944. Cash in vaults and due from banks amounted to $155,288,634 on June 30, 1944, as compared with $152,976,326 on March 31, 1944. Holdings of U. S. Government securities increased to $434,184,224 compared with $420,018,791; holdings of other securities are reported as $13,438,613 as against $16,751,937, while loans and discounts total $35,878,536 as compared with $30,862,851 for Mar. 31, 1944.

Charles L. Bernheimer, Trustee of the East River Savings Bank of New York since 1922, died on July 1, 1944 at Mt. Sinai Hospital after a short illness. Mr. Bernheimer was President of the Bear Mill Manufacturing Co., and as a result of his early work in arbitration became known as "the father of business arbitration." He was chairman of the Committee of Commercial Arbitration of the Chamber of Commerce of the State of New York. He was interested in archaeology and anthropology and it is stated discovered previously unknown natural bridges and relics of interest in both Arizona and Southern Utah. Mr. Bernheimer was Chairman of the Sub-Committee on Private Banks of the Van Tuyl Commission for the revision of New York State banking laws in 1914.

The Commercial National Bank and Trust Company of New York reported as of June 30, 1944 total deposits of $267,411,618 and total assets of $290,490,883, compared respectively with $207,981,165 and $230,920,074 on Mar. 31, 1944. The bank at the latest date held cash on hand and due from banks of $50,440,608 compared with $45,576,492 on Mar. 31, 1944; investments in United States Government securities of $184,336,534 compared with $137,661,454 on Mar. 31, 1944; loans and discounts of $51,724,201 compared with $43,054,337 on Mar. 31, 1944.

Capital and surplus are unchanged at $7,000,000 and $9,000,000 respectively and undivided profits are now $1,628,392 against $1,404,735 on Mar. 31, 1944, after payment of the regular dividend. Net earnings per share for the quarter were $1.04 and for the six months of this year $2.07.

The statement of the Philadelphia National Bank of Philadelphia, Pa., for the quarter ended June 30, 1944, shows deposits on that date of $735,905,519, which compares with $682,002,755 on March 31, 1944. Total resources amounted to $794,030,392, compared with $741,331,632 at the end of March; cash and due from banks aggregated $174,323,874, contrasted with $171,887,883; U. S. Government securities, $478,944,728, compared with $422,360,167; state, county and municipal securities were $15,144,656, against $14,448,981; other securities, $33,780,083, compare with $31,148,546; loans and discounts $86,758,159, compare with $94,882,036.

The capital of the bank on June 30, 1944, was unchanged at $14,000,000, but the surplus on that date was $28,000,000, compared with $21,000,000 on March 31, reflecting the increase authorized by the board of directors on June 19. The undivided profits account, after being debited with the transfer to surplus, amounted on June 30 to $8,893,002, compared with $15,113,755 on March 31. The directors also approved writing down the value of buildings from $2,200,000 to $1.

President A. P. Imahorn of the Hibernia National Bank in New Orleans announces the election of Joseph M. Marrone as an Assistant Vice-President of the bank in charge of its inter-American relationships with Mexico, and Central and South America. Mr. Imahorn in his announcement says:

"Mr. Marrone comes to us with a broad international experience. He has been employed in various capacities: manager of the foreign department of the Peoples Bank of Utica, N. Y., Assistant Commercial Attache-at-Large for the United States Department of Commerce in Europe, North Africa, and the Near East, Consultant of the United States Chamber of Commerce at New York City, Secretary of the Business Relations Committee of the Inter-American Commercial Arbitration Commission, later Executive Secretary of that commission, in which capacity he traveled extensively in Central and South America. Mr. Marrone comes to us direct from his present position as Executive Director of the International Trade Section of the New York Board of Trade." He regards the bank as "being particularly fortunate in securing an executive of his exerience, especially at this time when New Orleans, more than ever, is conscious of its position as an outstanding world port with the unlimited possibilities that await our foreign trade activities in the post-war era."

U. S. Chamber Finds Growing Sentiment For Reliance On Gold For Monetary Management

According to the United States Chamber of Commerce, increasing sentiment has developed in the United States for reliance upon gold to a degree consistent with modern monetary management. In making this assertion the organization quotes from studies prepared by Dr. Arthur W. Crawford of the Chamber's research staff. The reports, said the Associated Press on June 24, were issued on the forthcoming international monestary conference which begins July 1 at Bretton Woods, N. H. The Chamber contends that fears expressed in some quarters in the past that the huge stock of gold held by the United States would be worthless appear to have had no basis.

"The plan for an international monetary fund does not go far toward the restoration of the old gold standard," the Chamber said, adding: "Nevertheless, gold forms the foundation of the proposed exchange mechanism, and its value as the principal monetary metal seems assured." We quote from the Associated Press Washington advices, which also noted:

"Gold no longer circulates in the United States, but the Federal Treasury values its gold assets at more than $21,200,000,000. Thirty financial experts of various countries have agreed in principle upon a stabilization fund to which the United States would contribute $2,500,000,000; Britain, $1,250,000,000, and Russia, $1,000,000,000. The rest to make a total of $8,000,000,000 would be provided by other of the United Nations. A $10,000,000,000 world bank for reconstruction and development also has been proposed.

"International cooperation is shown to be needed, but on a basis which will minimize the dangers to the United States from the weaknesses of other countries," said the Chamber in the first of three pamphlets presenting studies of "International Financial Problems." According to the New York "Times" Washington advices, June 24, the three pamphlets were prepared by Dr. Arthur W. Crawford, an economic adviser of the Chamber, who attended the 1933 monetary conference at London as an observer. They stress the need for sound domestic economic policies as the best guarantee of stable international monetary conditions.

Continuing, the "Times" advices also said:

"It is set forth that a review of the Twenties serves to bring out the economic interdependence of the nations, the vital role of monetary actions and mechanisms in the maintenance of an equilibrium in the balance of payments, 'and the necessity for sound domestic policies, fiscal, economic and political, as a foundation for any lasting program affecting currencies and credit.'

" 'While the desirability of stable currencies and adequate facilities for international credit is obvious from a study of the economic trends of the inter-war years, the futility of reliance upon monetary policy and liberal credit, without correction of underlying maladjustments, is equally apparent,' the study continued.

" 'There is general recognition of the prospective need for large amounts of capital for reconstruction and development in war-stricken areas and for financing trade and industrialization in other parts of the world.

" 'The Treasury's tentative proposal for a United Nations Bank for Reconstruction and Development raises important questions:

" 'Is American participation in a world bank advisable as against independent loans by the United States Government and its nationals?

" 'To what extent may the proposed Government action affect private lending?

" 'Is it possible that, given the conditions under which such a bank might operate successfully, there would be no clear need for it as against private and more limited Government undertakings?

" 'These issues, with various ramifications, form one of the major problems of the period of transition from war to peace.' "